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TECHNICAL
REPORT

Cuba After Castro: Legacies, Challenges, and Impediments

Appendices

EDWARD GONZALEZ, KEVIN F. McCARTHY

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PREFACE

This report and the five studies it comprises serve as a companion volume to the RAND Corporation report by Edward Gonzalez and Kevin F. McCarthy, *Cuba After Castro: Legacies, Challenges, and Impediments* (MG-111-RC, 2004), which integrates and synthesizes the main findings of these five studies. Although this report is issued as a separate volume, it is meant to accompany and support the initial report with more detailed analyses of the political, social, demographic, and economic problems that confront Cuba today and that are certain to continue to tax the capacity of any government that comes to power in the post-Castro era.

In Appendix A of this report, Edward Gonzalez, Professor Emeritus of Political Science at UCLA and a member of the adjunct staff at RAND, examines the impact that the legacies of caudilloism and totalitarianism are likely to have on a future Cuba. In Appendix B, Damian J. Fernández, Professor of International Relations at Florida International University, discusses the growing alienation of Cuban youth and its implications for the island's political future. In Appendix C, Kevin F. McCarthy, Senior Social Scientist at RAND, investigates Cuba's demographic trends, characterized by an aging population and a shrinking work-age population, and the difficult public policy choices that will confront any new government in Cuba as a result of those trends. In Appendix D, Jorge F. Pérez-López, a labor economist who has written extensively on the Cuban economy, analyzes the impediments that Castro's socialist economy will pose to future efforts by a successor government to restructure and revitalize the island's economy. Finally, in Appendix E, Pérez-López narrows his focus to Cuba's troubled sugar industry. This report should be of interest to U.S. policymakers and analysts concerned with Cuba, members of Congress, and a wider audience outside the U.S. government.

This report and the initial *Cuba After Castro* volume build on a long tradition of RAND research on Cuba. Among the most relevant studies are the following:

- Edward Gonzalez and David F. Ronfeldt, *Cuba Adrift in a Postcommunist World*, R-4231-USDP, 1992
- Edward Gonzalez and David F. Ronfeldt, *Storm Warnings for Cuba*, MR-452-OSD, 1994
- Edward Gonzalez, *Cuba: Clearing Perilous Waters?* MR-673-OSD, 1996.

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APPENDIX A

THE LEGACIES OF FIDELISMO AND TOTALITARIANISM

By Edward Gonzalez

Since the time of their independence, all Latin American countries at one time or another have fallen under the dictatorial rule of a strongman, commonly referred to as *caudillismo* in the Spanish-speaking world. The *caudillo* does not recognize institutional authority, relies heavily on political coercion, and rests his rule on a personal following among both the elites and the masses.[1] Most Latin American countries have also experienced authoritarianism in which political power is tightly controlled by a *caudillo*, or oligarchy, the military, or a political party. However, only Castro's Cuba has experienced both *caudillismo*--which we call *fidelismo* in the Cuban context--and totalitarianism. Unlike authoritarianism, the totalitarian state is ideologically driven, mobilizes the support of the masses, and extends its reach over the economy and society in a far more inclusive, penetrating, and controlling manner.

Within less than a year after Fidel Castro came to power in 1959, Cuba found itself under the rule of an archetypal revolutionary *caudillo*. *Fidelismo* was subsequently fused with communist totalitarianism, which lasted from the mid-1960s through the 1980s. Totalitarianism did not entirely end with the economic crisis of the 1990s; instead, it mutated into the post-totalitarian order that characterizes present-day Cuba.

Experiencing both caudilloism and totalitarianism/post-totalitarianism has been a dubious distinction that has not only left a profound imprint on contemporary Cuba, but is also virtually certain to saddle Cuba with divisive and destructive legacies after Fidel Castro

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[1] The *caudillo's* followers are attracted to him because of such personal attributes as physical and intellectual dominance, a commanding sense of authority, personal bravery and determination, and physical (and sexual) vigor. Fear may also bind the *caudillo's* followers to him because he normally will win the struggle; therefore, it is more prudent to support him than to fight him.

departs the scene. To better grasp this point, we need first to synthesize the essence of Cuba's unique political system before turning to how the legacy of the past and present is likely to affect Cuba's future, particularly with respect to thwarting the island's democratic transition.

Of course, predicting which path a post-Castro Cuba will take is a largely speculative exercise, and a risky one. This appendix to the *Cuba After Castro* report (Gonzalez and McCarthy, 2004) strives to reduce both speculation and risk by extrapolating from the twin legacies of caudilloism and totalitarianism/post-totalitarianism, as well as by drawing on the literature in comparative government and the experiences of Eastern Europe before and after the fall of communism.

This appendix begins with a discussion of Cuba after 1959, focusing on the uniqueness of *fidelismo* and the totalitarian order. It next shows how the crisis of the 1990s that was triggered by the collapse of the Soviet Union led to the mutation of totalitarianism into post-totalitarianism. It then discusses the ways in which the imprint left by both caudilloism and totalitarianism/post-totalitarianism are likely to serve as major impediments to Cuba's economic and democratic transformation after Castro departs the scene. It concludes by offering caveats on the island's rather dismal prospects under alternative scenarios.

FIDELISMO: A NEW VARIATION ON CAUDILLOISM

Although his primary objective has always been to maximize his personal power, as is true of all *caudillos*, Fidel Castro has been no ordinary Latin American strongman. He has also pursued other, grander ambitions, sometimes even at the risk of sacrificing his regime and Cuba itself. He did not limit himself just to securing Cuba's independence from the "Colossus to the North" as might a nationalist *caudillo.* His goals were larger still——fighting "imperialism," radically transforming Cuba, and becoming a full-fledged player on the international stage. Here, then,

was a *caudillo* like no other, impelled by hubris to make his mark on history.[2]

The Charismatic Caudillo

The spectacular triumph by the 32-year-old Castro and his small, rag-tag Rebel Army over the Batista regime after scarcely two years of guerrilla warfare not only catapulted the young rebel leader into power in January 1959, it also invested him with genuine charismatic authority of the kind described a half-century earlier by Max Weber in his classic studies on charisma. As with Weber's "charismatic leader," the Cuban people virtually surrendered themselves to the persona of "Fidel" because his "divine mission" had been proven.[3] Despite the odds, he had delivered them from despotism after two years of near-mythic struggle against a much larger army, convincing them that a new Cuba was at hand. With the adoring masses behind him, he could take Cuba almost anywhere wherever he wanted during the first, heady years of the Revolution--so long as his charisma continued to be validated.

Even before seizing power, Castro had confided to an associate that his destiny was to wage "a much wider and bigger war" on the Americans after he toppled Batista.[4] He soon made good on his pledge by repeatedly denouncing Washington during his first year in power, then by preemptively realigning Cuba with the Soviet Union in early 1960, after which he nearly precipitated World War III when Soviet missiles were installed on the island in 1962. In the meantime, from 1959 through the 1980s, he worked to foment revolution in the Caribbean and Central and South America, where he and his followers sought to create "many

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[2] David Ronfeldt (in Gonzalez and Ronfeldt, 1986, pp. 3–32) describes Fidel Castro's mind-set as a "hubris-nemesis complex," in which, possessed by hubris, the Cuban leader sees himself as the nemesis of the United States.

[3] According to Weber (Gerth and Mills, 1958, p. 248), "The charismatic leader gains and maintains authority solely by proving his strength in life. If he wants to be a prophet, he must perform miracles; if he wants to be a war lord, he must perform heroic deeds. Above all, however, his divine mission must prove itself in that those who faithfully surrender to him must fare well. If they do not . . . he is obviously not the master sent by the gods."

[4] See Castro's letter to Celia Sánchez, June 1958, in Bonachea and Valdés, (1972, p. 379).

Vietnams"[5] or, less grandly, to aid Marxist-oriented movements in gaining power, as with the Sandinistas in Nicaragua in 1979. In the 1970s and 1980s, he also dispatched tens of thousands of Cuban combat soldiers to fight victoriously in Angola, the Ogaden in the Horn of Africa, and Namibia. In the process, Cuba garnered higher levels of Soviet economic and military assistance, together with the awe and approval of leftist governments and movements in the Third World. And the fact that Castro outmaneuvered Washington most of the time, despite his audacious foreign policy, only served to reinforce his charismatic claim in the eyes of his followers in Cuba, Latin America, and elsewhere in the world.

The "Maximum Leader" also set out to transform Cuba along radical Marxist lines. To do so, he first had to ensure the loyalty and support of his military and internal security forces so that he could avoid the fate of President Jacobo Arbenz of Guatemala, whose communist-supported regime in 1955 was overthrown by the army under pressure from the U.S. Ambassador and the Central Intelligence Agency (CIA). Hence, he turned over control of the victorious Rebel Army to his brother Raúl. With subsequent Soviet assistance and training, Raúl transformed the reconstituted Revolutionary Armed Forces (FAR) into a pillar of support for the revolutionary government, enabling it to crush counterrevolutionary guerrillas in the Escambray mountains and the U.S.–backed exile force at the Bay of Pigs. In the meantime, internal security was further ensured by the new Ministry of Interior (MININT), led by loyal *fidelistas,* who had fought with Fidel in the Sierra Maestra.

Castro's next step was to eliminate or neutralize those who would be certain to oppose him for ideological, political, economic, and/or religious reasons. Here his charismatic basis of authority enabled him to ride roughshod over his hapless opponents. In the process, he

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[5] The call for the creation of "many Vietnams" became a rallying cry for the first (and only) conference of the Latin American Solidarity Organization held in Havana in August 1967 prior to the death of Ernesto "Che" Guevara in Bolivia.

concentrated power in his own hands and in the hands of his new, revolutionary regime.[6]

Thus, early on in 1959, Castro attacked the old political class, accusing it of plundering the national treasury, betraying the public's trust, and selling out the fatherland to Washington. After that, the free elections that he had promised during the anti-Batista struggle were put on hold indefinitely. Meanwhile, he took on the large landowners through the Agrarian Reform of May 1959. That law was augmented by a still more radical reform three years later, which created state farms and collectives out of the plantations and the large and medium-sized farms that had been confiscated previously. In mid-1959, he began purging the ranks of his government and of his July 26 Movement (named after the rebel attack on the Moncada Barracks on July 26, 1953) of those officials who dared display a semblance of independence and concern over the radical, communist turn the Revolution was taking.[7] By the end of the year, he had also taken the first steps in bringing the Catholic Church to heel by ousting foreign-born priests and nuns from the island.

After nationalizing American-owned sugar mills, refineries, and utility companies in late summer 1960, Castro then moved to eliminate Cuba's urban bourgeoisie through the expropriation of their banks and 382 major enterprises the following October. In April 1968, he completed his campaign against the remaining remnants of the bourgeoisie by launching his "Revolutionary Offensive." In one fell swoop, he nationalized more than 55,000 small, privately owned retail and manufacturing establishments, down to the smallest of restaurants, barber shops, beauty salons, pizza parlors, laundries, repair shops, and

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[6] The term *regime* is not used pejoratively. It refers to the entire set of political institutions, processes and laws, the state-controlled economic system, and the political leadership's ruling ideology that have characterized Castro's Cuba during the past four-plus decades.

[7] The first to go was President Manuel Urrutia, whom Castro ousted in July 1959 because of his public anticommunist utterances. Far more significant was the arrest, trial, and imprisonment (for 20 years) of Major Huber Matos the following October. The purge of Matos, a popular, anticommunist revolutionary, signaled that the revolutionary coalition was being reconstituted to include only the radical *fidelistas* and the old Cuban communist party; excluded were the more-moderate, anti-communist leaders.

even shoeshine stands. Within less than three years after the new government had come to power, it had nationalized the properties of big capital, both foreign and domestic. Just six years later, what vestiges remained of the small-business sector were also absorbed by Cuba's all-powerful state.

The rapidity with which Castro radically transformed Cuba's political, economic, and social landscape was testimony not only to the effectiveness of the state security apparatus but to the weakness of Cuba's pre-revolutionary civil society and political and economic institutions. It was also testimony to Castro's charismatic authority, which rendered largely futile real and potential resistance to his rule. As long as the young Cuban revolutionary was perceived by the majority of his countrymen as their anointed leader, he remained their master. The result was that his charismatic authority, to use Weber's words, knew only "inner determination and inner restraint."[8] Thus, even with the establishment of a new Communist Party in 1965, Castro continued to rule without institutional constraints as he waged war on imperialism, micromanaged the economy, and indulged his pet projects, in the process scorning both his economic and scientific advisors.[9]

The Waning of Charisma

Long before Castro's rise to power, Weber had warned that charisma needs to be continually validated through new successes, whereby the leader's followers "fare well."[10] In this respect, Castro's charismatic claim was repeatedly renewed through the redistribution of wealth and property and the granting of new entitlements for the poor and working class during the early years of the Revolution. Among the steps taken were the following:

- Redistributing land and providing full employment for seasonal sugar workers.

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[8] Gerth and Mills, eds. (1958, pp. 246–247).

[9] The most notorious example occurred in May 1969, when he publicly took issue with the findings of foreign specialists at Cuba's Institute of Animal Science and presented his own findings from pilot tests he had conducted, which he claimed showed that genetic factors rather than corn feed would increase milk production among cows.

[10] Gerth and Mills (1958, p. 249).

- Drastically reducing rents under urban reform.
- Opening up heretofore-exclusive beaches and clubs to the entire populace.
- Redistributing housing vacated by the departing middle- and upper-class owners, while taking over the rentals of those property owners who remained behind.
- Eliminating public discrimination and actively courting blacks and mulattos through equal employment and redistribution measures.
- Providing a social safety net for Cubans, including free education and medical care and basic food rations.

By the mid-1960s, however, few of the island's pre-1959 assets remained available for redistribution to the populace, while consumer goods and most food items were in short supply, in large measure as a result of the government's economic policies and mismanagement. Cuba's *caudillo* needed to triumph anew if he was to retain his charisma.

Castro's hubris finally met its nemesis with his failure to achieve a new, record sugar harvest of 10 million metric tons in 1970.[11] Against the counsel of his sugar minister and other experts, he had persisted in trying to realize his grandiose goal by mobilizing the entire country, enlisting the help of the army, and demanding utmost sacrifice of his countrymen. However, the harvest effort fell short by 1.5 million metric tons, besting the previous record by only 300,000 metric tons while leaving the economy nearly bankrupt.

Castro's exhausted countrymen had not fared well. On the contrary, they were worse off than before. Castro had brought them to this. With his fallibility thus exposed, his charisma was tarnished, and he was obliged to yield to the more institutionalized order imposed by the Soviet Union in the 1970s.

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[11] On the development of Castro's charismatic authority and how it was undermined by the 1970 failure of the sugar harvest, see Gonzalez, (1974, esp. pp. 79—96, 190—216).

Institutionalizing the Revolution: The Fusion of Fidelismo with Comunismo

The so-called institutionalization of the Revolution saw the buildup of the Communist Party along the lines of a ruling Leninist party and the promulgation of a new constitution in 1976 that finally provided socialist Cuba with a formal framework of governance. Even so, Castro remained Cuba's supreme communist *caudillo,* because the formal reins of power were concentrated in his hands. He remained not only Commander-in-Chief and First Secretary of the Communist Party as before, but also he became President of the new Council of State and President of the Council of Ministers under the new constitution. With control over the army, the party, the state, and the government apparatus, his personalistic rule in the form of *fidelismo* was now backed by formal, constitutionally derived powers.

Nonetheless, the Cuba of the 1970s and 1980s was not the Cuba of the 1960s. The administration of government became more orderly and less a product of Castro's whims and constant personal interventions. The Communist Party was greatly expanded and its role enhanced in functioning as a parallel government at the local, provincial, and national levels. In the meantime, perhaps because of Soviet pressures, Castro became less involved in day-to-day administrative affairs as he devoted more attention to foreign affairs——courting the Non-Aligned Movement, directing Cuba's armed incursions into Africa, and backing Marxist revolutionary movements in Central America.

However, two facets of Castro's rule remained unchanged: Castro continued to fuel Cuba's confrontation with Washington, and he refused to tolerate opposition to his policies.

In continuing to fuel confrontation with Washington, Castro found or manufactured one pretext or another to maintain——and at times to deliberately exacerbate——the hostile relationship. Thus, after four rounds of secret talks with the new Ford administration during 1974–1975, Fidel Castro dashed any possibility of normalizing relations by dispatching Cuban combat troops to Angola in summer 1975. Later, negotiations with the Carter administration led to the opening of Interests Sections in Washington and Havana by Cuba and the United

States in September 1977, a step short of full diplomatic relations. But Cuba's new armed incursion into the Ogaden two months later prevented the White House from pursuing further improvements in relations.

The *comandante*'s confrontational politics no doubt stemmed partly from a deep-seated animus toward a United States considered by many nationalists to be continuing "imperialism's" long history of domination over and arrogance toward Cuba and the rest of Latin America. Washington's covert and not-so-covert efforts to overthrow or destabilize Castro's regime, which included attempts on his life, further deepened his hatred of the United States. But his repeated whipping up of Cuban nationalism also served larger political needs as well: to keep the Cuban people in a heightened state of mobilization against the external enemy, to deflect attention away from domestic problems created by his regime, and to make internal opposition tantamount to treason. Playing the anti-American card thus enabled Castro to channel societal tensions and repeatedly to re-equilibrate the political system.

As to Castro's intolerance of any opposition to his policies, Cuba's *caudillo* did not hesitate to crush his opponents, whether real or suspected. As in 1959, when he forced the hapless President Manuel Urrutia to resign and later ensured that Major Huber Matos would be put away for 20 years by personally denouncing him at his trial, in 1989 Division General Arnaldo Ochoa was arrested, tried, and executed, just when Gorbachev's policies of *perestroika* and *glasnost* were garnering adherents in the Cuban regime.

A highly decorated officer who was responsible for the victory of the FAR in Namibia a few years earlier, Ochoa enjoyed wide popularity and a personal following in the FAR. Along with MININT Colonel Tony de la Guardia and two other officers, he was court-martialed on charges of corruption, drug trafficking, and money laundering and was executed after Castro refused to commute his death sentence to life imprisonment.[12] It is possible that Ochoa and de la Guardia were eliminated to conceal the government's own drug trafficking

[12] The government's case is presented in *End of the Cuban Connection* (1989).

operations.[13] But the severity of Ochoa's sentence suggests the real reason for his elimination: He posed a potential threat to the Castro brothers because of his popularity within the officer class, his ties to the Soviets, and his support for Gorbachev's reforms.[14]

The purging of allegedly corrupt officials did not stop with the execution of Cuba's most-decorated field general, which had a chilling effect within the ranks of the officer class with respect to expressing any criticism of the Castro brothers. The Ministry of Interior was purged of hundreds of its top officers and placed under the control of Division General Abelardo Colomé, one of Raúl's top generals, and other *raulista* officers--a shake-up that further ensured the loyalty of the FAR to the Castro brothers. Meanwhile, the *líder máximo* also ordered the conviction and imprisonment of two government ministers and the dismissal of 13 other ministers, vice-ministers, and state enterprise directors.

Surmounting the Crisis of the 1990s

The collapse of the Soviet Union, and the accompanying shock waves felt in Cuba starting in 1991, intensified internal divisions within the regime, causing Castro once again to clamp down on those who dared stray too far afield. The first to go was a tough but pragmatic Communist leader, Carlos Aldana, who was expelled by the Central Committee in 1992 after he had confessed months earlier that he had been a supporter of *perestroika* until Fidel had made him see the errors of his ways.[15]

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[13] Ochoa may have been freelancing when having made contact with Pablo Escobar of the Colombian Cartel, while de la Guardia reportedly was in charge of the Cuban government's drug operations. Thus, both men had been arrested, tired, and shot in order to expunge evidence of the government's complicity in drug trafficking. See the inside account by Fuentes (2002).

[14] Ochoa had received military training in the Soviet Union and, to Castro's irritation, had demonstrated an annoying streak of independence in running the FAR's combat operations in Namibia. Together with De la Guardia, he had also come to admire *perestroika* and *glasnost*, which he had wanted to see emulated in Cuba. According to Jorge Massetti, de la Guardia's son-in-law, the latter proved to be the final straw for Castro and was the reason why both men were executed. See Massetti's memoir, *In the Pirate's Den--My Life as a Secret Agent for Castro* (2003).

[15] According to Aldana's mea culpa of December 27, 1991, "more than a few comrades of ours became *perestroika* fans and Gorbachev fans" in the 1987–1989 period. But then the Revolution had been saved because "if we escaped that confusion, we owe it to you, Comrade Fidel." He castigated others in the regime who lacked "the intellectual honesty

Because of their policies and foreign contacts, economic reformers were later purged or reassigned to lesser posts, following Raúl Castro's harsh indictment of them in March 1996.

Three years later, in May 1999, Cuba's young rising star, Roberto Robaina, was dismissed from his posts as Minister of Foreign Affairs and member of the Politburo, after which he was sent to a military school for political rehabilitation. In August 2002, a videotape shown to lower-ranking Party members revealed that he had been secretly expelled from the Party the previous May. The reason: A tape recording of his conversation with the then-Spanish Foreign Minister Abel Matutes, in November 1998, indicated that Robaina had been maneuvering to succeed Fidel Castro as president. In the videotape that contained the audiotape of the conversation, Raúl Castro, the ever-loyal brother, claimed that he had summoned the errant Robaina to read him the riot act, declaring that, "I'm not going to permit people like you [mucking up] this revolution three months after we old-timers disappear."[16]

In the end, Castro's inner strength proved indispensable in helping his regime ride out the economic and political crisis that gripped the island throughout the 1990s. Despite increasing age, serious illness, memory lapses, and extreme personal attacks on foreign leaders in recent years, he has remained the "Great Helmsman," infusing his regime with both legitimacy and direction while also strongly resisting market reforms. In this respect, he resembles Mao, "the lord of misrule," rather than Deng Xiao Ping, who dramatically transformed China by embracing capitalism, starting in 1978. Only out of necessity did Castro grudgingly permit limited reforms sufficient to stabilize the economy by the mid-1990s; thereafter, he put brakes on the reform effort in order to preserve Cuban socialism and prevent the rise of a new bourgeoisie that might challenge his regime.

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and moral courage" to admit that they had been wrong over *perestroika* (*FBIS-LAT-92-03*, 1992, pp. 1–9).

[16] "Acusa a Robaina de 'Deslealtad a Castro'," (2002, p. 1); and "Cuba Tapped Phone for Evidence Against Robaina, Reports Say," (2002, p. 14A).

As always, politics, not economics, remained uppermost in Castro's calculations as he continued to scorn the counsel of his economists and foreign advisors alike.[17]

FROM TOTALITARIANISM TO POST-TOTALITARIANISM

In full force by the mid-1960s, Cuba's totalitarian order offset Castro's waning charisma by magnifying the power and reach of his regime by means of an overwhelmingly strong state. With the economy and media in the hands of the state, and with society controlled by the security apparatus and the Party-directed mass organizations--for example, the Committees for the Defense of the Revolution (CDR), established on every neighborhood block starting in 1960--the regime was better able to harness society's support and participation on behalf of its security, economic, and social goals. Volunteerism, which had characterized the first years of the Revolution, was increasingly replaced by coercion as the regime employed its mass organizations and other control mechanisms to mobilize the population behind it. Hence, Cubans came to fear not only the secret police, but also the consequences of their behavior if they failed to comply with the directives of the regime's mass organizations--for example, losing their jobs or the chance to move into better housing or to obtain a scarce TV or refrigerator if they were blacklisted because of failure to attend political rallies or participate in other revolutionary activities.

The regime's realignment with the Soviet Union hastened the process of radicalization that culminated with the totalitarian breakthrough of the mid-1960s.[18] The Revolution's strong maximalist state ruled over a

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[17] For example, when a deputy expressed his trust in government economists during a debate in the National Assembly in 1993, Castro cut him off by declaring, "You do, but I don't. Economists frighten me. . . . The ideas presented by specialists must be presented from a political viewpoint. If they are going to propose something that technically may be good, but politically catastrophic, our mission and duty is stop them and reject what they are proposing" (*FBIS-LAT-94-01*, 1994, p. 13).

[18] The realignment was signaled by the ten-day visit of First Deputy Premier Anastas Mikoyan in early February 1960, but it had been foreshadowed by meetings in fall 1959 between the KGB's spymaster in Latin America, Alexandr Alekseev, and the Castro brothers. After Mikoyan's visit, which resulted in a Soviet economic agreement with Havana, *Revolución,* the newspaper of Castro's July 26 Movement, openly assumed a Marxist tone.

weakened, atomized society the likes of which were unmatched by the military-run authoritarian regimes and police states common to Latin America. Cuba's totalitarian order would last for roughly 25 years, until the crisis of the 1990s precipitated Cuba's transition to post-totalitarianism.

CUBA'S TOTALITARIAN ORDER

The totalitarian state differs from its authoritarian cousin in several key respects.[19] In contrast to the "authoritarian mentalities"--or loose set of assumptions, sentiments and beliefs that characterize authoritarian regimes--the totalitarian state is driven by formal ideology to change society in accordance with the image of an ideal, or utopian, society. In Cuba's case, this ideological drive was manifested by the regime's constant "struggle" against capitalism in Cuban society, which became most acute starting in the mid-1960s. At that time, the regime sought to produce "genuine communism" by using "moral" rather than "material incentives" to create Che Guevara's "new man" and by launching the "Revolutionary Offensive" of 1968 against the remaining private small-business establishments.

In turn, the imperatives of regime security, the aim of radical social transformation, and the inevitable resistance that such a goal provoked, required that the Cuban state accumulate far more power and penetrate society far more deeply, than did typical Latin American authoritarian regimes. As Juan Linz observes, authoritarian governments are primarily concerned with maintaining order and stability, thus allowing "limited pluralism" or autonomy in the economic, social, and cultural realms as long as such pluralism does not infringe politically on the regime's power. In contrast, Cuban society began to be stripped of its economic, political, social, and cultural autonomy from the revolutionary state starting in 1960, through the expropriation of private property; the closure of independent political parties, trade unions, and the media; the repression of the Catholic Church; and the elimination of what was left of a civil society. Consequently, by the

[19] For the distinction between the two, see Juan Linz's extended essay, "Totalitarian and Authoritarian Regimes" (1975).

end of the 1960s, Cubans——particularly those residing in urban areas——had become dependent almost exclusively upon the state for their existence--for their employment, education, medical care, housing, food, and information--all of which further strengthened the state's control over society to an extent unmatched elsewhere in Latin America.

Simultaneously, societal penetration was ensured through the regime's control apparatus, which included not only State Security, with its network of agents and informers similar to those of other authoritarian states, but also something uniquely Cuban—the Committees for the Defense of the Revolution. The CDRs were established on virtually every neighborhood block starting in 1960 and augmented by other mass organizations such as the Confederation of Cuban Workers and the Federation of Cuban Women, which enlisted workers and women. After 1965, Communist Party cadres led, guided, and monitored these organs and society at large.

The Cuban regime's organization of mass support makes it different from the typical authoritarian states in Latin America, which normally confine their social basis of regime support to the upper and middle classes, while generally preferring low levels of mass political participation.[20] In contrast, the Castro regime sought broad popular support and has always been characterized by extraordinarily high levels of political mobilization directed by the mass organizations and the Party. Thus the regime not only rallies the population against the United States, it also mobilizes the population against its internal enemies or on behalf of its grandiose objectives, such as the Castro's goal for a record-breaking 1970 sugar harvest.

Indeed, unlike Latin American authoritarianism, Cuban totalitarianism required a high degree of citizen participation and involvement in everything political. Whether as informers or in their capacity as Party, CDR, or other mass-organization members, Cuban citizens became the regime's eyes and ears: They spied and informed on neighbors, friends, fellow workers, and family members, and they policed

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[20] One major exception was post—World War II Argentina under Juan Perón. With the assistance of his wife Evita and the *peronista* trade unions, he mobilized the workers and urban lower-class in support of his regime.

themselves. Hence, whether out of fear, malice, or conviction, whether willing or unwilling, much of the population became accomplices of the totalitarian state.

By the end of the 1960s, the political boundaries of Cuba's totalitarian state had become virtually coterminous with those of society, thereby providing the Castro regime with enormous capacity for the control and mobilization of the population. Although the regime lost some of its ideological zeal with the "institutionalization of the Revolution" in the 1970s, its totalitarian structures were augmented in the 1980s with the creation of the 1.2-million Territorial Troop Militia (MTT), which ostensibly came in response to the Reagan administration's hard-line stance toward Cuba.[21] The late 1980s also saw the return to greater ideological orthodoxy through the "rectification campaign," which sought to counter the liberalizing trends emanating from the Soviet bloc. Cubans thus remained in a perpetual state of mobilization as the regime sought to redirect social tensions away from itself and onto to its external enemy. Such tensions finally exploded with the Mariel boat lift of 125,000 Cubans in 1980.[22]

THE MUTATION TO POST-TOTALITARIANISM

Although Cuba's totalitarian order appeared outwardly unshakable, its existence was critically dependent on the Soviet Union's economic largesse——loans, credits, subsidized pricing for Cuban sugar exports and Soviet oil imports, technical assistance, and military aid——and on Moscow's continued role as the committed leader of the socialist world. In terms of economic ties, for example, the USSR provided Cuba with $4.3 billion per year during the 1986–1990 period, which accounted for more

[21] The MTTs actually began to be formed prior to the Reagan Administration's coming into office. Their creation may have been designed as much as a counterweight to the military, especially since the bulk of the MTT was organized in and around Havana as a defense against expected U.S. aggression.

[22] Social tensions had been mounting ever since the return of 100,000 Cuban exiles on short visits in 1979–1980, which the government allowed for the first time in order to capture needed hard currency. But the policy backfired because the Cubans on the island suddenly could see firsthand how much better off their exiled relatives and friends were than they, with their hard life of material deprivations and political oppression.

than 21 percent of the island's gross national product (GNP).[23] But Gorbachev's policies of *perestroika* and *glasnost* internally, and his weakening commitment to Cuba, Nicaragua, and other socialist-oriented states in the Third World in the late 1980s, suddenly exposed the precariousness of Cuba's position. The disintegration of communism in Eastern Europe in 1989, followed by the collapse of the USSR two years later, thus sent seismic shock waves through the Cuban leadership. "To speak of the Soviet Union's collapse," Castro lamented at the Fourth Party Congress in October 1991, "is to speak of the sun not rising."

The Cuban leader was not exaggerating: The very survival of his regime was at stake after the Soviet lifeline was cut. Official Cuban figures show that by 1993 the island's gross domestic product (GDP) had contracted by nearly 32 percent from what it was in 1989, with per capita growth falling 14.2 percent. Not until 1996 was the free fall arrested, although the 1998 GDP remained more than 21 percent below the 1989 figure.[24]

In the meantime, in August 1990, the economic contraction had forced the regime to inaugurate the "Special Period in a Time of Peace" of forced austerity as the importing of petroleum, other raw materials, manufactured goods, foodstuffs, and medical supplies, began to be severely cut back. Still in effect, the Special Period has meant that the state no longer is able to fulfill its part of the social compact, whereby it provided Cuban citizens with an extensive social safety net in exchange for their loyalty and support. Monthly food rations barely constituted a ten-day supply, which led Cubans to cultivate small vegetable plots in cities and towns, and to rely increasingly on the burgeoning black market. With the reduction in oil imports came rolling electrical blackouts and a breakdown in public transportation, forcing Cubans to ride bicycles and hitch rides on trucks and horse-drawn wagons. Even Cuba's much-vaunted public health care system deteriorated sharply for the average Cuban, as the government reserved what medicines it could import and its best medical care for its new medical-tourism industry in an effort to garner needed hard currency by offering medical

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[23] Jorge Pérez-López, (2001, pp. 44-45).

[24] Pérez-López (2001, p. 45).

care to ailing foreigners. By the early 1990s, Cuba seemed headed for change.

The Weakening of the State

With the economy in a free fall, totalitarianism gave way to post-totalitarianism even though the institutions associated with the former——the Party, the security organs, and mass organizations——remained intact. On nearly every other front, however, the state was weakened, and the boundaries of state control over society receded as an ideological, political, and economic crisis gripped the island throughout the 1990s:

- Marxism ceased serving as the regime's ideological lodestar and as its source of legitimacy and inspiration, as sheer political survival assumed first priority.
- The control apparatus lost some of its effectiveness when growing food and material shortages made members of the police, the Party, and CDRs susceptible to bribes and other forms of corruption.
- Ordinary Cubans began losing some of their fear of the previously omnipotent state and began voicing their complaints, with the result that the regime now had to become more tolerant of public grumbling in order to dissipate social tensions.
- The boundaries of the state retreated further after Cubans had to grow their own food, buy and sell on the black market, and pilfer state supplies and turn to prostitution for economic survival.
- As the state's boundaries receded, economic pluralism began to emerge: Cubans worked the black market, found employment in foreign-run enterprises, and became independently employed under the self-employment decree of September 1993.
- Social pluralism, too, began to reemerge: Membership in Afro-Cuban sects, Protestant churches, the Catholic Church increased, and nongovernmental organizations (NGOs) were created. All these organizations began occupying the social space vacated by the weakened state.

What remained missing——and still is missing——under post-totalitarianism is *political* pluralism. Not only is organized political opposition still not tolerated, but the regime remains ever-protective of its exclusive right to dispense social services and disseminate news and information; not doing so would enable the citizenry to become less dependent on the state. Hence, the regime has attacked Caritas, the Catholic Church's humanitarian organization, and the Church itself, for providing food, medicines, prenatal care, and other social services to those in need. It has thrown up "bureaucratic roadblocks" to hobble such efforts and has called upon Party cadres "to combat any erosion of the state's presence in this arena."[25] The regime has been equally restrictive with other religious groups as with the Catholic Church. A Baptist minister in the city of Santiago de Cuba, according to the Chief of the U.S. Interests Section in Havana, could not secure government permission to grow a vegetable garden to feed his elderly parishioners. Likewise, other church groups cannot set up small pharmacies to sell basic medicines in Cuban pesos to needy people.[26]

Continued Reliance on Repression and Mobilization Politics

As with its predecessor, post-totalitarianism does not permit organized opposition or public challenges to the regime's policies and authority. Repression is where the regime's totalitarian impulses manifest themselves most. The regime represses political dissidents through harassment, arrests, and jail terms; it closes down independent libraries, which have sprung up since the early 1990s, many of them sponsored by Baptist Church groups; and it cracks down on independent journalists, whose reports are circulated on the Internet and foreign media.

Where necessary, the regime employs the State Security and goon squads to preserve its power in the face of rising popular discontent. Hence, it used force to put down public demonstrations in Cojímar and Regla in the summer 1993 and to quell the Havana waterfront riot in August 1994. Later, it crushed the *Concilio Cubano*, a peaceful

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[25] Mujal-León and Busby (2001, p. 14).

[26] Snow (2002a).

opposition coalition, by arresting its leaders in February 1996 after the movement sought permission to hold a meeting in Havana.

The norm, however, is for the regime to use less-visible forms of repression as a prophylactic against organized opposition and civil society gaining political traction. Through a policy of decapitation, dissidents and political activists face police harassment, loss of employment, and imprisonment. "The Group of Four," for example, was sentenced to long prison terms for having published a document entitled "The Homeland Is for All" in 1997, although international pressures caused all four ultimately to be released early.[27] An even more outspoken dissident than those in The Group of Four, Dr. Oscar Elías Biscet was rearrested after his release from prison in November 2002 for having called upon Cuban sympathizers and democratic governments to rid the island of Castro.

Elizardo Sánchez, head of the Cuban Committee for Human Rights and National Reconciliation in Havana, calls Cuba's policy of political repression under post-totalitarianism one of "low-profile or low-intensity repression." Cuba's new dependence on the capitalist world, he argues, constrains the regime because of its concern that there could be serious international repercussions were it to resort to more-visible, heavy-handed repression.[28] As a result, Cubans appear to have become braver in calling for change, as witnessed by the success of another dissident, Osvaldo Payá, in collecting more than 11,000 signatures in spring 2002 in favor of the "Varela Project," a national referendum on the need for political and economic reforms——a public campaign that would have been unimaginable under Cuba's previous totalitarian order.[29]

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[27] The document, by Vladimiro Roca, Marta Beatriz Roque, Rene Gómez Manzano, and Felx Bonne, criticized a draft document issued by the Communist Party prior to its Party congress in 1997, saying it focused on the accomplishments of the Revolution without offering a way out of the island's economic crisis. All four were convicted behind closed doors in 1999, with Roque, Gómez, and Bonne receiving prison terms ranging from three-and-a-half to four years. They were freed in early 2000. Vladimiro Roca, the son of Blas Roca, the founding leader of Cuba's first Communist Party and a military pilot until the early 1990s, remained in prison until May 2002, when he was released two months early, before the arrival of former President Jimmy Carter in Cuba.

[28] "Cuba: Repression by Harassment"(2002).

[29] The Varela Project's petition to the National Assembly requested that a national referendum be held on five issues: (1) freedom of expression and association; (2) freedom

Nevertheless, as in the past, the regime stands ready to employ its control apparatus, as well as the appeals of nationalism, to rally the Cuban people and crush its opponents. Thus, for several months in 2000, the regime organized huge mass demonstrations to denounce the Miami "mafia" over the Elian González affair and to insist upon the boy's return to Cuba. In July 2002, in response to the Varela Project, it mobilized Party cadres and mass organizations to collect the signatures of 7.6 million eligible voters for a national referendum, passed by the National Assembly, making Cuban socialism "irrevocable." Six months later, the regime triumphantly announced that 97.6 percent of Cuba's registered voters——more than 8 million——had cast ballots on January 19, 2003, for the election of 609 pro-government, unopposed candidates for a new National Assembly. Although the vast majority of Cubans had gone to the polls, dissidents charged that the outcome was rigged from the start and thus was illegitimate.[30] Indeed, perhaps in protest, more than 313,000 Cubans had cast blank or voided ballots--but to no avail: On January 24, 2003, a legislative committee of the National Assembly threw out the Varela Project, thereby quashing any hope of major peaceful reforms being enacted from within the system.

The regime's rejection of the Varela Project was only a precursor of a tougher line toward its critics, in anticipation that the slowdown in the Cuban economy could lead to renewed public unrest. Thus, in February 2003, the first preemptive strike against the opposition occurred when a court sentenced two Cuban dissidents involved in the Varela Project to 18-month prison terms.[31] Then, on March 18, as world attention fixed on the impending U.S.–British invasion of Iraq,

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of enterprise; (3) amnesty for political prisoners; (4) a new electoral law; and (5) free elections within a year after the electoral law was approved.

[30] According to Cuba's National Election Commission, 3 percent of ballots were left blank and less than 1 percent were spoiled. But Marta Beatriz Roque, a leading dissident, accused the government of irregularities based on evidence collected outside 211 of thousands of polling places. "It is obvious there were more abstentions and more blank and spoiled ballots than they claim," she stated. Others charged that Cubans voted out of fear, because they could lose their jobs and/or their right to send their children to universities. See Frank (2002); García-Zarza (2003).

[31] "2 Cuban Dissidents Are Sent to Prison" (2003).

authorities launched a major crackdown——the largest since the crushing of *Concilio Cubano* seven years earlier.

Within 48 hours, some 75 dissidents and civil society leaders——from Varela Project organizers and human-rights activists, to independent labor leaders, economists, journalists, and librarians——were arrested throughout the island and brought to trial.[32] Osvaldo Payá, the Varela Project's organizer, was spared, presumably because he had won numerous international human-rights awards and enjoyed high visibility in Europe; however, his small political party was dismantled.[33] Other prominent dissidents were less fortunate. On April 7, Marta Beatriz Roque, an economist and vocal critic of the regime, and Oscar Espinosa Chepe, another independent economist, along with Raúl Rivero, a journalist and distinguished poet, drew 20-year prison terms, as did magazine editor Ricardo González. Hector Palacios, a key organizer of the Varela Project, was sentenced to 25 years, as was Oscar Elías Biscet, who had been released in 2002 after a three-year prison term for nonviolent acts of civil disobedience in support of human rights. Independent journalist Omar Rodríguez Saludes received 27 years, while 25 other independent journalists were given sentences of 14 years or more.[34] In addition, three Afro-Cuban youths were executed by firing squad following a summary proceeding on charges of terrorism for their failed armed

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[32] *Granma,* the Communist party's newspaper, in a statement on March 19, 2003, accused those arrested of treason for having conspired with enemies of the state, including the Bush administration. Among the charges were that they had met with the head of the U.S. Interests Section in Havana; had received radios, fax machines, and subversive publications from the United States; and had supported the U.S. embargo against Cuba. For a forceful defense of the outreach program by U.S. diplomats, see Cason (2003).

[33] Payá remained under police surveillance. Having already been given the Andrei Sakharov Prize by the European Parliament, his arrest would have boosted his chances of being awarded the Nobel Peace Prize for 2003. By excluding Payá from the dragnet, the government could also further fuel suspicions by critics of Payá within dissident and opposition circles that he is a tool of the regime.

[34] The 26 independent journalists constituted more than one-third of the 75 dissidents arrested. In the words of the Paris-based Reporters Without Borders, they were punished "for publishing articles in underground magazines or simply for sending their writings abroad. It was a reminder that in Cuba, the national constitution gives the state a media monopoly and that only the government's voice is legal." Reporters Without Borders (2003, p.1).

attempt on April 2, 2003, to commandeer a passenger-loaded ferry to the United States.[35]

The Cuban government's crackdown and executions outraged the U.S. Congress, including members of the newly established Cuba Working Group, which sought to ease the U.S. embargo and lift the travel ban. As a result, the momentum that had been building in the House and Senate to change U.S. policy, in large part due to Havana's "charm offensive" in wooing business and farm interests, was now moving in reverse.[36]

Castro's shift from low-intensity to heavy-handed repression seems to have been prompted by three major domestic considerations. First, with the outlook for a robust recovery dim,[37] increased social unrest is likely, as suggested by the spate of recent hijackings of planes and ships by desperate Cubans. Second, popular opposition to and criticism of the regime is growing, as seen not only by the Varela Project but also by the activities of human-rights activists, independent journalists, labor leaders, and others, many of whom have supportive ties to the United States and Europe. And third, after Fidel's departure from the scene, the viability of a communist successor regime would be threatened unless the government moved preemptively to decapitate the leadership of the dissident and human-rights movements and of Cuba's incipient civil society. Castro, in short, aimed to wipe the slate clean, thereby ensuring that his anointed successor--his brother Raúl--will be able to consolidate his power and perpetuate the Revolution after its founder departs the scene.[38]

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[35] See Gonzalez (2003a, 2003b); Williams (2003, p. A14); and "Castro's Courts Sentence Dissidents to Long Imprisonment, Disaffected Youths to Death" (2003).

[36] On April 8, 2003, the U.S. House of Representatives passed an extraordinary 414-0 resolution condemning the "systematic human rights violations in Cuba" and calling for the immediate release of political prisoners and the holding of free elections. All but two representatives of the 50-member bipartisan House Cuba Working Group voted for the resolution. For an analysis of the effect of Castro's move on U.S.–Cuba policy, see "Embargo Update: Congress Reacts to Castro's Crack-Down: The Charm Offensive Is Over, But What Course to Expect in U.S. Policy?" (2003).

[37] Cuba's Ministry of Economy and Planning reported that GNP grew at rate of only 1.1 percent in 2002, with a projected growth rate of 1.5 percent in 2003.

[38] See Suchlicki (2003).

THE REGIME'S STAYING POWER

What explains the Castro regime's ability to ride out the most acute crisis that it has yet had to face after its economic lifeline to the Soviet Union had been severed? Why has the regime been able to outlive not only its patron, who disappeared in 1991, but also the former Eastern bloc states, whose governments toppled like dominoes in 1989? The answers lie in the fact that despite similarities with other totalitarian/post-totalitarian systems, Cuba remains *sui generis* in the pantheon of communist regimes.[39]

One major factor that distinguishes Cuba from the former Soviet Union and Eastern bloc states is the overarching presence of Fidel Castro--the *caudillo,* the founding leader of the Revolution, and now, at 77 years old (as of August 2003), the patriarchal head of his regime. No other communist leader in the Soviet Union or the Eastern bloc countries had the moral authority that he still enjoys. As two observers point out, "The revolutionary founder still has the capacity to limit change, mobilize the population, and affirm the validity of his egalitarian ideology to elites and society alike."[40] Indeed, the display of genuine fright and uncontrolled weeping by members of his audience when he fainted while making a speech during a hot afternoon in 2002 suggests that many Cubans cannot conceive of a Cuba without Fidel.

The Cuban regime has been further bolstered by its totalitarian/post-totalitarian structures, which continue to function with the participation of much of the citizenry, in contrast to the sclerotic communist systems of the Soviet Union and Eastern Europe. The latter systems were fatally weakened by the corrosive effects of time, economic stagnation, and corruption, enabling civil society to reemerge and challenge the state in many bloc countries, and even in the Soviet Union. Meanwhile, the illegitimacy of externally imposed governments in satellite countries further undermined the communist state.

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[39] On this issue, see Gonzalez and Szayna, (1998). For a different point of view that holds that Cuba bears considerable similarities with other communist states, with the common denominator being repression, see López, (2002).

[40] See Mujal-León and Busby (2001, p. 14).

In Cuba, however, the state appears to have retained sufficient legitimacy and backing among sectors of the population during the Special Period of extreme austerity to avoid the kind of political isolation that overtook its erstwhile communist allies. The regime is able to rely on its first line of defense——the CDRs and other mass organizations——to control the population at the grassroots level, including through the physical harassment of dissidents and anti-regime activists by their neighbors and coworkers. In turn, through its policy of low-intensity repression against its opponents, it has been able to stem the further development of the island's nascent civil society, which remains weaker than were the civil societies in the Eastern bloc and the former Soviet Union in the 1980s and 1990s.

For the most part, too, the regime appears to be more effective in resorting to more open forms of repression than were most of the former communist states. It has thus used State Security and the Rapid Response Brigades of club-wielding workers to forcibly break up street demonstrations and riots such as those that flared up in 1993—1994, though it has sought to minimize the use of deadly force against the organized protests and spontaneous street demonstrations that have grown in number since the mid-1990s in Havana and other cities.[41] Nevertheless, as the March 18, 2003, crackdown shows, the regime has not been inhibited from moving against dissidents, human-rights activists, and other opponents, nor from imposing harsh prison terms for their allegedly "subversive" activities.

In turn, ordinary Cubans may have grown too fearful of the state and of each other, and too absorbed with the necessities of everyday survival, to think about politics, much less to engage in political acts against the government. In this respect, Juan López argues, Cuba differs from the other communist states. The majority of Cubans, he notes, still remain politically paralyzed by their belief that system change is not feasible; they lack access to independent means of communication by

[41] According to Juan López (2002, pp. 33, 43), 44 acts of organized civic protest were recorded in 1997; 1 was recorded in 1998; 227 in 1999; and 444 in 2000. Large, spontaneous street demonstrations also occurred to protest the dictatorship and living conditions, including one incident in Havana involving about 1,500 protestors.

which to alter their worldviews, gain a sense of self-empowerment, and mobilize themselves politically.[42]

For its part, the regime has not lost its political will, as did many of the other communist regimes. As will be discussed later, the FAR and MININT have a strong vested interest in preserving the existing order; therefore, they have remained solidly behind the regime. Meanwhile, Castro the *caudillo* has taken care to rout such potential rivals as General Ochoa, Party leader Aldana, and Foreign Minister Robaina, to purge his government of economic reformers in 1996, and to remain resolute, unyielding, and ever sure of the rightness of his policies. And thus far he has had the support of key groups and constituencies in Cuba's body politic--the military, Party, mass organizations, and new socialist entrepreneurs among the political elites, and the pensioners, state employees, and perhaps Afro-Cubans among the rest of the population.[43]

On the economic front, the regime has also been able to weather the crisis, enacting limited economic reforms, beginning in the early 1990s--doing whatever it needed to survive economically. As a result, the economic free fall was arrested by 1996 by an influx of foreign investments and tourists, and exile remittances. (Reportedly, exile remittances alone were as high as $800 million per year by the late 1990s.)

However, the arrival of the 21st century has not brightened Cuba's economic outlook. On the contrary, the destructive effects of Hurricane Michelle in November 2001, the effect of 9/11 on tourism to the island, the decline in foreign investments, the drop in remittances as a result of the U.S. recession, the problems with the sugar industry, and the rise of oil prices, among other things, indicate that the Cuban people face hard times ahead. Nevertheless, the odds are that, in one form or

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[42] See López (2002, pp. 55-84).

[43] As a bloc, Afro-Cubans may be more supportive of the regime than other sectors of the population because of the advances they made during the first decades of the Revolution. However, indications are that such support may be less widespread than is commonly believed. Afro-Cubans made up a large proportion of the protestors in the 1993–1994 disturbances in Regla, Cojímar, and Havana. Prominent dissidents are Afro-Cubans, among them Vlaimoro Roca, Dr. Oscar Eías Biscet, and Ramón Colas, cofounder of the independent library movement in Cuba, who is now residing in the United States.

another, the regime will be able to succeed itself--at least for the short term--once Castro passes from the scene.[44] However, when that moment arrives, the successor regime, whether communist or not, will have to cope with the legacies of Cuba's departed leader.

THE LEGACIES OF CAUDILLOISM AND TOTALITARIANISM

Whatever government succeeds Fidel Castro's will confront two different sets of political legacies: one associated with his long reign of *caudillismo* and the other associated with the imprint left by totalitarianism/post-totalitarianism on Cuban society.

The Legacy of Caudilloism

Advancing age and illness have forced the 77-year-old Castro to leave day-to-day administration and routine policy matters to trusted subordinates. He now is less involved in micromanaging all manner of affairs, both trivial and significant, as he was during his earlier decades in power. Instead, he appears more as his regime's powerful, ever-watchful CEO, one who retains the last word on major policy issues, particularly on matters pertaining to the United States and other high-stakes issues on the foreign-policy front.[45] In any event, after more than 40 years in power, he will bequeath a troublesome, dysfunctional political legacy to his communist successors and a legacy that will be even more troublesome and dysfunctional for those who want Cuba to embark on a path to democratic transition.

A Leadership Vacuum

If a communist regime succeeds the *comandante,* his departure is certain to leave a leadership void that will be difficult, if not impossible, for any single individual to fill. Part of the difficulty is that no other commanding personalities are waiting in the wings. Raúl, his brother's designated successor, is well positioned to assume

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[44] Different post-Castro scenarios and regime types are analyzed in Edward Gonzalez (2002).

[45] Castro is sometimes gone for several days on trips out of the country, which suggests that he not only completely trusts his subordinates, but also that the government can function effectively whether he is present or abroad.

control, heading as he does the military and being Second-Party Secretary--but he lacks Fidel's charismatic presence, rhetorical skills, and mass following. Even Fidel has stated publicly that his younger brother will be just a transitional figure between his rule and that of a younger generation of leaders.[46] Other current top officials also are devoid of personal luster and lack a popular following of their own, although, as with Raúl, they may have an institutional power base in the Party, the FAR, or the National Assembly. The probabilities are that the new government will thus take the form of a coalition led by Raúl, who will share power and authority with other leaders. Whether as a coalition government or not, the successor communist regime will face the challenge of trying to perpetuate itself without the presence of its founding leader.[47]

A Hard-Core Fidelista Bloc

Cuba's socialist *caudillo* will leave behind hard-core *fidelista* followers among elites and the general populace. Even if they constitute a minority of the population (in the neighborhood of 25 or 30 percent), the *fidelistas* will surely become a potent political force in the post-Castro era. If a communist successor government is the one that assumes power, the *fidelistas* will expect it to be faithful in its policies at home and abroad to the *caudillo*'s legacy. If the successor government is noncommunist, *fidelistas* are sure to oppose it and seek to bring it down by violent or nonviolent means. A post-Castro Cuba could thus resemble Argentina after the ouster of Juan Perón by the military in 1955: The *peronistas* constituted such a large, entrenched political bloc that, for decades after Perón's ouster, they made it difficult for any civilian or military government to govern.

The presence and expectations of the *fidelista* constituency will confront a successor communist regime with a particularly difficult policy conundrum. On the one hand, the new regime will need to appear to be faithful to Fidel's policies if it is to retain the support of the

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[46] Raúl is five years younger than Fidel, but he has had health problems, including a drinking problem.

[47] This point is made by Mujal-León and Busby (2001, pp. 15-16).

fidelista bloc. On the other hand, it will need to embark upon a new economic course that largely vitiates what he stood for, but that will be necessary to achieve a rapid, sustained recovery with which to legitimize itself. For example, both the rhetoric and practice of economic egalitarianism--the bedrock of Castro's moral economy--will need to be deemphasized. Rather than exploiting envy and using moral incentives, the new government will have to endorse material incentives and the profit motive, much as Deng Xiao Ping did in China when he reversed Mao's policies and proclaimed to his countrymen, "To get rich is glorious!" Whether the new government will have the will to take such a radical step, particularly if faced with a hard-core *fidelista* opposition, remains to be seen.

Subordination of Civilian Institutions to the Castro Brothers

The leadership vacuum arising from Castro's passing will be made worse by Cuba's stunted institutional development, a result of the *comandante*'s more than four decades of personalistic rule.[48] The first six years after the triumph of the Revolution saw a regime that was more an arbitrary one-man show than one characterized by institutionalized governance. As will be elaborated later, the single exception was the Revolutionary Armed Forces, which, with its organizational stability, cohesion, and sense of mission, continue to serve as the regime's most important institutional pillar of support.

The first step toward a semblance of more-institutionalized governance occurred when the ruling Communist Party of Cuba (PCC) was established in 1965. The second step followed a decade later with the promulgation of the 1976 Constitution. Nonetheless, institutionalization has continued to be undermined by the personalistic origins of the regime:

- The PCC serves as the Castro brothers' personal instrument for political domination. The brothers' handpicked followers make up the Politburo and Central Committee.

[48] As is generally recognized in political science literature, institutional development, or *institutionalization,* means that political organizations develop an autonomy, complexity, and permanence that transcend personalities.

- Party congresses are largely scripted events. And, although they are supposed to be held every five years, they have not been convened regularly.[49]
- The principal organs of state power and the government--the Council of State and the Council of Ministers, respectively--are staffed with the Castro brothers' closest followers: the *fidelistas* and *raulistas.*
- The National Assembly of People's Power, which obediently ratifies the laws and decrees previously issued by the Council of State, meets just twice a year in regular session, and then only for two days.[50]

The absence of genuine institutionalization could make governance difficult in the post-Castro era, even if the regime succeeds itself, if the majority of Cubans consider that the legitimacy of the existing institutions derived from the presence of "Fidel." Such an institutional void, in turn, could embolden the regime's opponents and increase the probability of civil unrest and turmoil. If unrest and turmoil do occur, the army is likely to step in to stabilize the political situation, much as the Polish army did under the command of General Wojciech Jaruzelski in 1981.

A Strong Military Institution with a Big Stake in the Economy

In contrast to the Party and other civilian organs, the Revolutionary Armed Forces not only control the means of violence, but also has emerged as Cuba's most institutionalized force——one that is likely to assume a determining political role in a Cuba after Fidel. Fidel himself promoted the FAR's institutional development by entrusting his brother early on with ensuring the loyalty of the FAR and molding it

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[49] The First Party Congress was not convened until ten years after the founding of the PCC. The post-1989 crisis, which was ideological as well as economic, delayed the fourth Congress until 1991, a year later; the Fifth Congress was also postponed by an additional year, to 1997. The Sixth Congress, which was to be held in December 2002, was delayed until late 2003 or early 2004.

[50] The January 2003 elections resulted in 17 percent of the seats in the new National Assembly being occupied by Castro and other senior leaders of his government, with another 10 percent being held by senior officers of the Revolutionary Armed Forces (*Cuba News*, February 2003, p. 5).

into a powerful pillar of regime support. Under Raúl guidance, the FAR was instilled with a sense of professionalism and élan that prepared it for multiple missions that went beyond defending the government against the United States and counterrevolutionaries. The FAR engaged in nation-building tasks at home through the work of the Youth Labor Army in agriculture and construction. In the late 1960s and again starting in the 1980s, it increasingly managed civilian sectors of the economy. Meanwhile, the FAR undertook successful overseas combat missions in Angola, the Ogaden, and Namibia from 1975 through 1986. Then, in the wake of the Ochoa affair in 1989, the FAR became an even more powerful institution when it took over the Ministry of Interior and dismissed hundreds of its officers. Despite the cutoff of the Soviet lifeline after 1991, which led to a vast reduction in its size and capabilities, the FAR is virtually certain to become the arbiter of Cuba's future after Fidel is gone.

In this respect, it is questionable whether the experiences of most military establishments in Eastern Europe, which stood aside in the transition from communism, will apply to the FAR.[51] Most Eastern bloc militaries were professional in the sense of accepting the civilian authority of the ruling communist party. Hence, when the communist regimes unraveled and collapsed from within, those militaries stepped aside and allowed the political opposition to take power.[52]

In a future democratic transition in Cuba, the Eastern bloc model may have no relevance, because the FAR has developed far more of a direct institutional, political, and economic stake in perpetuating the existing order than had the Eastern bloc's military establishments.[53]

The FAR's commitment to the existing order stems not only from the close personal bonds between senior military officers and Raúl and

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[51] On the Eastern European experiences, see the case studies in Danopoulos and Zirker (1999).

[52] One factor that helped make for a peaceful transition was the "negotiated pacts" that most communist governments made with the democratic opposition, whereby the communist leaders relinquished or shared power. Such pacts enabled the communist leaders to relinquish power without danger to their lives, and in many instances perpetuated the existing constitution and legal system. See Priban and Young, (1999).

[53] For a succinct review of the FAR and its future role after Castro, see Latell (2003).

Fidel, but also from the increasing role the FAR has come to play in the economy following the loss of the Soviet lifeline. As the military budget was slashed from $1.7 billion in 1987 to $720,000 in 1997, and active-duty personnel were downsized from 297,000 to 65,000 or fewer over the same period,[54] active and retired officers were reassigned to government posts and to the new, most-dynamic sectors of the economy. Through the distribution of the state's patrimony in the form of state corporations and other arrangements, the Castro brothers thus ensured the loyalty and support of the officer class, even as the FAR's military mission was emasculated and its budget slashed.

The enhanced role of the "technocrat-soldier" and the "entrepreneur-soldier" in the state and the civilian economy has been highlighted by observers of the Cuban military.[55] Juan Carlos Espinosa and Robert C. Harding note that active and retired Cuban military officers held 13 of 37 positions in the Council of Ministers in late 2001, among them such important civilian ministries as sugar, fisheries and merchant marine, transport and ports, civil aviation, and information technology and information.[56] Outside the government, active and retired "entrepreneur-soldiers" from both the FAR and MININT manage major enterprises that are linked to foreign tourism, investments, and trade. The most important of these enterprises are the tourism monopolies Gaviota and Cubanacán; the tobacco monopoly Habanos, S.A.; the import-export conglomerate CIMEX; the foreign financing bank Banco Financiero Internacional; and the telephone company ESTECSA. Indeed, according to Espinosa and Harding, roughly 89 percent of exports, 66 percent of hard-currency retail sales, 60 percent of hard-currency wholesale transactions, 59 percent of tourism revenues, 24 percent of

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[54] See Defense Intelligence Agency (1997, p. 1).

[55] See the two papers presented at the conference on "The Politics of Military Extrication in Comparative Perspective: Lessons for Cuba," Arrabida, Portugal, September 21–22, 2000: Frank O. Mora, "Raulismo and the Technocrat-Soldier: The Economic Role of the FAR and Its Implications for Transition in Cuba"; and Juan Carlos Espinosa and Robert C. Harding III, "Olive Green Parachutes and Slow Motion *Piñatas*: The Cuban Armed Forces in Comparative Perspective."

[56] Espinosa (2001, p. 24).

productive service income, and 20 percent of state worker employment are under the control of the military.[57]

The FAR's grip on the Cuban economy poses potentially serious problems for a successor government, communist or noncommunist, because the new government will need to ensure the military's support after Castro is gone. One alternative would be for it to increase military spending--an option not likely to be available to a post-Castro government whose resources will be strained by mounting an economic-recovery program. The other alternative is for it to continue the practices of the patrimonial state, in which the FAR's stake in the economy would be preserved, if not further expanded. Such an option would serve as a drag on the reconstruction and revitalization of the economy, given Cuba's need for a more-open, private-enterprise-based system, rather than continuing state control over the economy and dispersal of the state's patrimony to regime supporters.

However, Brian Latell cautions that there are "four cross-cutting fissures" that could undermine the FAR's internal unity and cohesion in the post-Castro era. They consist of the personal animosities within the officer corps left over from the Ochoa affair, the generational stresses between younger and senior officers, the rivalry between traditional troop commanders in the field and the new military entrepreneurs, and the erosion of professionalism among officers participating in the new economy.[58]

In any event, the FAR will pose an additional obstacle if a noncommunist government committed to a democratic and market-oriented transition ultimately comes to power. Neither intrinsically a democratic institution nor an exponent of the free market and private enterprise, the military, by virtue of its increased economic role, has now become an even greater stakeholder in the current system. With its vested interest in preserving the status quo, the FAR is thus likely to become a powerful, conservative force that will resist any transition toward democratic capitalism and perhaps a rapprochement with the United States as well.

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[57] Espinsosa and Harding (2000).

[58] Latell (2003).

The Politics of Anti-Americanism

Castro's legacy is sure to limit the new government's maneuvering room in dealing with Washington, all the more so because Cuba's *caudillo* never intended to resolve what one observer calls "one hundred years of ambiguity" in the island's tortured relationship with the United States during the 20th century.[59]

Whether under the conditional independence that was granted by the United States in 1902 or the quasi-independence that Cuba was given after 1934, Cuba's governments in the period of the Republic remained subservient to Washington. But instead of seeking a new relationship with the United States after 1959, Castro exploited the Cuban people's frustrated nationalism and their resentments and grievances toward the United States, both old and new, and he created additional tensions. In effect, his was an expansionist, defiant form of hyper-nationalism that served his political interests and grand ambitions.[60] And Cuba's soon becoming a relatively closed society, with few citizens having access to news sources other than those controlled by the regime, further fueled the flames of nationalistic antagonism toward Washington.

Thus, few Cubans would know that rather than the Eisenhower administration pushing Cuba into the arms of the Soviets after 1960, it was Castro in the fall of 1959 who first reached out to Moscow in a secret bid to secure Soviet support.[61] Few would know that Henry Kissinger authorized four rounds of secret talks with Cuban representatives in 1974–1975 to explore the possibility of normalizing relations, talks that had to be broken off after the United States learned that Castro had secretly deployed combat troops to Angola.[62] Few would know that Castro disregarded the warnings of the Carter administration by dispatching a new expeditionary force to the Ogaden in

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[59] Horowitz (2002, pp. 56–64).

[60] One could argue that Castro has been less of a nationalist than a charismatic-messianic-type leader intent on using Cuba as a vehicle with which to fulfill his "destiny," even at the expense of his country, as evidenced by his role in the missile crisis, his dispatching of combat troops to Africa, and his ruinous economic policies.

[61] Castro, his brother, and Che Guevara held meetings with Aleksandr Alekseev, the KGB's chief agent in Latin America, starting in October 1959. See Alekseev (1984). For a fuller account, see Fursenko and Naftali (1997).

[62] See Kornbluh and Blight (1994).

November 1977, scarcely two months after the United States and Cuba had established Interests Sections in each other's capitals. Coming as it did when the new Democratic administration was trying to change U.S. policy, and public expectations were running high that trade--if not full-fledged diplomatic relations--would follow, Cuba's military incursion into the Horn of Africa torpedoed Carter's conciliatory stance toward Havana.[63]

Most Cubans would also be unaware that, in February 1996, Castro flatly turned down the offer by Spain's Manuel Marín, the special representative of the European Union (EU), to broker a deal with the United States. Under Marín's proposal, the EU would provide Cuba with additional loans and credits and press the Clinton administration to work for an accommodation with Havana. In exchange, Castro was to allow the *Concilio Cubano*, an umbrella peaceful opposition movement, to hold its planned meeting in Havana and to tolerate other groups critical of his regime. Instead, Castro ordered the crackdown of *Concilio Cubano* organizer*s*, along with that of other dissidents and human-rights activists.[64] This behavior was followed by Cuban MiGs shooting down the two Cessna planes flown by the human-rights group Brothers to the Rescue in February 1996, which led to Congress and the White House approving the Helms-Burns Act the following month.[65]

Castro's manipulation of the Cuban—U.S. relationship to inflame nationalist passions is certain to present problems for a future government: If it wants to normalize relations with Washington in order to speed the island's economic recovery, hard-liners and ultra-

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[63] During his visit to Cuba in May 2002, Jimmy Carter informed Cubans about the Varela Project and spoke eloquently about Cuba's need for human rights and democracy. However, in his public address, Carter refrained from pointing out that his administration's 1977 attempt to improve relations with Havana backfired as a result of Cuba's new incursion into the Ogaden.

[64] On the Marín mission, see Nuccio (1998). At the time of the Marín mission, Nuccio was Clinton's chief policy advisor on Cuba and had supported the EU representative's efforts to serve as an intermediary. Nuccio's account was corroborated by the EU representative at the RAND Forum on Cuba in Washington, D.C., in February 1998.

[65] Helms-Burton closed loopholes in the U.S. embargo, including by authorizing legal action against foreign firms and their executives doing business with Cuban enterprises that had been owned by American citizens prior to the firms' expropriation by the Cuban government after 1959.

nationalists are certain to accuse it of selling out the fatherland to the Yankees. The reconcilers' disadvantage would be further compounded by the lack of awareness of most Cubans, both inside and outside the government, of how, at key junctures, Castro deliberately scuttled chances of improving relations with Washington.

Summary

The socialist *caudillo*'s passing is certain to leave Cuba initially with a political and institutional void that is likely to be filled by the army. The FAR controls not only the means of violence (including MININT) but also much of the economy, while also serving as Cuba's most institutionalized force. Castro's insistence on a moral economy, and on continuing state ownership and state control of most of the economy, will also mean that a successor government will have to cope with a society socialized in an egalitarian ethos and accustomed to state entitlements. Both the ethos and entitlements will have to be lessened if economic reconstruction is to succeed. But such a lessening will surely prove politically difficult to implement by the new government. On the international front, if the successor government is to reach a needed reconciliation with the United States, it must overcome the residue of hyper-nationalist sentiment among Cubans that Castro and his regime have helped to create and exploit for decades.

TOTALITARIANISM/POST-TOTALITARIANISM'S IMPRINT ON SOCIETY

After four decades of totalitarianism and post-totalitarianism, Cuba will be ill equipped for a transition to democratic government in the post-Castro era. As noted above, the Party, the army, and the security forces constitute powerful anti-democratic actors that have a strong stake in perpetuating the existing communist system. But as elaborated later, democracy in Cuba will also face major societal impediments as well.

The Absence of a Civil Society

The early years of the Revolution, ending in the totalitarian breakthrough, eliminated what existed of Cuba's pre-1959 civil society,

the part of society that Edward Shils describes as lying "beyond the boundaries of the family and clan and beyond the locality," yet also lying "short of the state."[66]

Thus stripped to its bare essence--nuclear and extended families, religious and other primary groupings, and localities and communities--Cuba's post-revolutionary society was without the autonomous associations, organizations, and institutions that could empower individual citizens and further their interests vis-à-vis an all-powerful, maximalist state. Lacking, too, were the civility in discourse and tolerance of different points of view that are an essential part of the political culture of civil society. Only with the weakening of the state in recent years has a "proto-civil society" begun to reemerge, but its actors remain too few, too weak in terms of societal participation, and too intimidated by the state to constitute the bedrock of support that democratic governance normally requires.[67]

The Pervasiveness of Fear and Societal Mistrust

The present, underdeveloped state of civil society also reflects the pervasive fear that Cubans have of the state's repressive apparatus and the mistrust they have toward others, which totalitarianism and post-totalitarianism have engendered among Cubans. Their fear and mistrust serve as obstacles to collective action that is so necessary to the formation of the movements and associations that can restrain government and make demands on it.

In this respect, the Varela Project constituted a political watershed: It was the first sizable manifestation of organized collective action by Cuban citizens acting on their own. Even so, the organizers collected only 11,020 signatures from a population of more than 8 million eligible voters--a paucity that may well reflect most Cubans' complete unawareness of the project, as a number of reports out

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[66] Shils (1991, p. 3).

[67] With respect to Cuba's "proto-civil society," Damian J. Fernandez (2001, p. 60) observes that, "Compared to the experience of Eastern Europe and the Soviet Union, civil society in Cuba is somewhere between a passive stage in which private individuals and independent groups actively or passively defend their autonomy, identity, and interests vis-à-vis the state and an emergent stage in which groups take their limited demands into a wider social arena."

of Cuba noted at the time.[68] However, a more compelling reason is that most Cubans still fear reprisals, not only from State Security and the CDRs, but also the verbal abuse and physical harassment that neighbors and fellow workers may heap on them.[69] And, as noted above, four of the Varela Project organizers were seized and jailed in February 2003, and another was sentenced to a 25-year prison term following the March 2003 crackdown. Cubans will thus need to overcome their understandable fear of government and their mistrust of others if they are to become re-socialized in norms and values conducive to sustaining democracy.

A Politically Divided Society

Another societal fault line less obvious than fear and mistrust will become more apparent with Castro's passing: the division between his supporters and those harboring deep-seated grudges against his regime and his supporters. This fault line is likely to be made all the deeper--and potentially all the more violent--by citizens' policing of their neighbors, fellow workers, and family members that the totalitarian/post-totalitarian system required. In the post-Castro era, the situation is certain to be more volatile if a successor communist regime cannot hold on to power and Cuba follows the path of former Eastern bloc states--the Czech Republic and Poland--that transitioned to democracy.[70]

In such an Eastern European—type scenario, many Cubans will surely demand justice against not only those government and Party officials responsible for human-rights abuses, but also those ordinary Cubans who served as the informers and enforcers for the regime at the grassroots level. Their ire will thus be directed against those CDR militants,

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[68] Indeed, most Cubans did not know of the Varela Project until Jimmy Carter informed them of its existence in his public address to the Cuban nation in May 2002.

[69] Following former President Carter's public address to the Cuban people, Anita Snow (2002a), a long-time Associated Press correspondent in Cuba, noted that, "While the government has grown more tolerant of divergent views over the past decade, and being arrested for minor grumbling these days is highly unlikely, Cubans remain extremely reluctant to say anything publicly—especially to strangers—that could be construed as anti-government. Even without running afoul of the government there is the likelihood of having to endure a scolding by neighbors, co-workers, relatives, or even strangers if they publicly air views that stray from the official line."

[70] On the Eastern European experience, see Tina Rosenberg (1995).

fellow workers, neighbors, friends, and relatives who snitched on them during the long course of communist rule, with the result that some will want to settle personal scores. Hence, if a new democratically inclined government comes to power, it will have to prevent personal vendettas and find ways to control the more vengeful elements of society, as did the Czech Republic and Poland after the collapse of communism in their countries.

A Politically Disengaged Society

Paradoxically, the highly politicized nature of Cuba's totalitarian/post-totalitarian systems may have contributed to the de-politicization of much of society, starting in the 1990s. After experiencing decades of political exhortations, mass mobilizations, and personal sacrifices that were premised on creating a better socialist future for themselves and their children, Cubans were rewarded by the collapse of communism worldwide, starting in 1989, and by the return the following year of grim austerity under the Special Period. In fact, according to Carmelo Mesa-Lago, Cubans will have to wait until 2009 or later to regain the standard of living they enjoyed in 1989, provided the growth ratio of the 1996-2001 years can be sustained--a feat that now appears highly unlikely, given the new downturn in the economy.[71] Meanwhile, their life situations remain bleak, as the government no longer is able to meet their material, ideological, and spiritual needs.

Nonetheless, Cubans have not rebelled openly. In addition to the effectiveness of the state control apparatus and the prevalence of societal fear and mistrust as reasons for not rebelling, other explanations may be that Cubans are too consumed with their daily struggles for survival--*sobrevivir*--and too disillusioned with politics to engage in political action. Rather than rebel, which is a consummate political act, many may have become disengaged from politics.

Of course, because of the need to maintain their *cara doble* (or "two faces"), even apolitical citizens must outwardly conform to what the government considers obligatory behavior. Hence, hundreds of thousands of Cubans marched to show solidarity with Elian González, and

[71] Mesa-Lago (2003, p. 2).

some 8.1 million out of 8.2 million registered voters turned out for the January 2003 elections for the National Assembly.

The withdrawal from politics is most evident among Cuban youth. In his study for this appendix, Damian J. Fernandez notes that much of Cuba's youth has become "desocialized" and "disconnected" from officially sanctioned dogmas and norms. Part of the reason for their alienation is the state's failure to deliver on both material and nonmaterial promises since the mid-1980s, but another stems from their disillusionment over the regime's *doble moral* whereby it claims high moral principles and virtue, but in reality behaves otherwise. As a result, young people have turned to religion and Western pop culture, including rock music and fashions, and to material (and even drug-induced) self-indulgence in a conscious rejection of the regime's politics and social prescriptions. From talks with recent émigrés and journalistic accounts, it is clear that Cuban youth are not alone in their alienation. Older Cubans appear weary of politics and too preoccupied with making it through their daily lives to take an active, personal interest in trying to change their country's political situation.

A politically disengaged society is not acceptable to a totalitarian state: Its very essence requires mass support and participation in all things political. But, as with Castro's post-totalitarian regime, a politically withdrawn population would not undermine a communist successor regime: Because such a regime would not be ideologically driven, the threat of mass political opposition to it would be reduced, as is currently the case.

However, a self-absorbed, apolitical society is likely to impede the rise of a democratic government in a post-Castro Cuba. It would hinder the formation of a robust civil society, thus depriving democratic leaders of active, organized political support. In all likelihood, it would also leave political activism to Cuba's anti-democratic forces--the former communist officials and cadres and other supporters of the old order--for whom politics is their calling. Engaging the public and rekindling a belief and trust in politics may

turn out to be one of the great challenges facing a new democratic government.

The Absence of Democratic Values

Democratic governance requires democratic values among contending elites. But 40-odd years of totalitarian/post-totalitarian rule have instilled anti-democratic values among Cuba's communist leaders and cadres, who, save perhaps for the reformers or cashiered reformers in the Party, do not subscribe to free, competitive elections, but to a one-party state in which electoral outcomes are known beforehand. They believe neither in allowing the opposition to organize and compete for political power, instead monopolizing power for themselves, nor in the marketplace of ideas, instead depriving those "outside the Revolution" of a public voice with which to challenge their policies as well as their power.

The general public, too, may have been socialized in values that are not conducive to a democratic polity. Those born after 1959 have been schooled to accept the primacy of the collectivity over that of the individual and to value duty and obedience to the state. Cubans of all ages have been conditioned to rely heavily on the state for their livelihood and basic necessities, thus leaving the legitimacy of future governments contingent on the governments' ability to provide accustomed benefits. Meanwhile, the regime continues to promote class envy and hatred of those who, by dint of individual initiative, entrepreneurship, and hard work, are better off than the average citizen. Accused of being pawns of imperialism, political dissidents, human-rights activists, and other opponents lose their right to be considered part of the political community.

These divisive, socializing effects of more than 40 years of totalitarian/post-totalitarian rule are likely to be difficult to erase. If so, it may take a generation or two before attitudes and values begin to change and the essential building blocks of a democratic society emerge in a Cuba after Castro.

Totalitarianism's Political and Legal Impediments

Social impediments aside, a Cuba after Castro will have to contend with political, institutional, and legal impediments to democratic capitalism that derive directly from the legacy of totalitarianism/post-totalitarianism: the Communist Party; the Ministry of Interior, especially State Security within MININT; the absence of the rule of law; and the issue of seeking justice against the accomplices of the totalitarian/post-totalitarian order.

The Communist Party

Created in 1965 and headed ever since by Fidel and Raúl Castro, who serve as First-Secretary and Second-Secretary, respectively, the PCC was designated by the 1976 Constitution to be Cuba's sovereign institution, one that directs both state and society.[72] The amended 1992 Constitution preserved the Party's elevated status as "the organized vanguard of the Cuban nation" and "the superior leading force of the society and state."[73] Thus, through local Party committees and cells in communities and work centers throughout the island, PCC cadres carry out political and ideological tasks at the grass-roots level, and mobilize public support for the regime.

Made up of some 780,000 members on the eve of the Fifth Party Congress in 1997, the PCC is a select organization that——unlike Mexico's PRI (Institutional Revolutionary Party), for example--is not open to just any citizen. To ensure their loyalty, ideological commitment, and political dedication, the PCC carefully screens, schools, and disciplines its members. Hence, it recruits heavily from among the ranks of those who have served their apprenticeship first as members of the Union of Young Communists (UJC). However, the crisis of the 1990s caused the Party to boost membership by lowering the bar for admission. The PCC

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[72] For decades, the Central Committee apparatus functioned as a parallel government, effectively controlling government ministries and state agencies. In the interest of establishing administrative efficiency and cost savings, and of protecting its image during the height of the economic crisis, the Party's directive role was reduced when many of the Central Committee's administrative organs were dismantled in the mid-1990s.

[73] Chapter I, Article 5, of the Amended Constitution, as reported in FBIS-LAT-92-226-S (1992).

thus boasted that it had enrolled 232,457 new militants in the 1992—1996 period, at the very height of the crisis, and that it did so at a higher annual recruitment rate than in the previous decade.[74]

The surge of new members smacks of a certain opportunism as many may have joined the Party to assure themselves of a successful political and economic career in Cuba's communist system. As paradoxical as it may seem, membership in the Party seems to have become all the more attractive when the economy began to fail: Party membership is normally the sine qua non for appointment to managerial positions in both joint- and state-owned enterprises in the island's new tourism, import-export, and other hard-currency sectors of the economy.

Whatever the individual motivation of its members may be, the PCC as an institution is an anti-democratic organization in Cuba's body politic. It remains under the leadership of hard-liners and their centrist allies, unlike the reformist camp, which has been marginalized since the mid-1990s. Therefore, at least initially in the post-Castro era, the PCC is virtually certain to continue to be dominated by this hard-line/centrist coalition. In striving to retain its lock on political power, it will be less handicapped politically than were the communist parties in the Soviet Union and Eastern bloc countries, which were discredited as civil society actors were asserting themselves. In Cuba, the Party remains organizationally strong despite the country's continuing economic problems, while civil society appears to be stillborn.

Also unlike their former communist brethren in the Eastern bloc, PCC leaders appear to retain their sense of a self-confidence and will to be in power. Jorge I. Domínguez, a keen student of Cuban politics, observes that the median birth year of the Party's Political Bureau, the regime's key policymaking organ, is 1943, which means that half its members are only middle-aged or younger, unlike the ousted leadership of the former Eastern bloc communist parties. Moreover, 75 percent of the

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[74] According to Party figures, the PCC enrolled an average of more than 46,000 new members per year during the 1992—1996 period, compared with an average of 27,000 new members per year during the 1980s. See "Construcción, Crecimiento y Composición Social del PCC," 2003.

members joined the Political Bureau after 1989 and thus have seen their regime survive the fall of communism in the Eastern bloc and the Soviet Union. As a consequence, Domínguez notes, "They are not ready to retire. They expect to govern Cuba after Castro's passing, and they believe they can govern it effectively according to their preferences." Worse yet for Cuba's future, ". . .they believe that no new significant economic reforms are necessary because the recovery remains on course."[75]

These Party leaders will not be inclined to move a post-Castro Cuba in the direction of a Poland, a Hungary, or other former Eastern bloc states that have embraced democratic-capitalism. At most, to keep Cuba communist and themselves in power, they may emulate Vietnam or China. If they take this course, Domínguez postulates, they most likely would perpetuate Cuba's two current forms of quasi-capitalism, thereby blocking a transition to democratic capitalism:

- The first, "capitalism reborn in crime," revolves around the black market or semi-legal market transactions, which the state more or less tolerates. Such markets are essential to the everyday survival of low-echelon officials and Party members, as well as that of ordinary citizens.
- The second, "concessionary capitalism," involves the licensing of ordinary citizens, by the patrimonial state, to become self-employed (*cuentapropistas*) by operating private micro-enterprises, and, more important, the granting to regime loyalists in the PCC, the FAR, and MININT of the right to establish wholly owned Cuban firms or joint enterprises with foreign partners.

In either case, the state regulates access to the market and labor forces, and imposes burdensome, bureaucratic, restrictions on the firm's activity, especially on the *cuentapropistas*. Both forms of quasi-capitalism stop short of a free-market, corrupt society, are subject to abuse, and undermine any sense of the rule of law.[76]

Paradoxically, again, if the PCC is unable to hold onto power after Castro is gone, it will still constitute a major impediment to the

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[75] Domínguez (2002).

[76] Domínguez (2002).

island's democratic market transition since it is likely to remain a potent force in Cuban politics. It is sure to command some degree of popular support. Besides the UJC, the Party controls the mass organizations--the Committees for the Defense of the Revolution, the Confederation of Cuban Labor, the Federation of Cuban Women, and the Federation of University Students--which can be employed to contest elections and mobilize street demonstrations against the government in power. The Party will also retain links to the FAR and MININT, the majority of whose officers are PCC or UJC members.

On the surface, at least, Cuba would thus seem to resemble post-1990 Nicaragua, where the Sandinistas also controlled the army and trade unions. But the Sandinistas lacked the PCC's organizational base and committed cadres; they were never able to fully consolidate their power, much less achieve the totalitarian breakthrough that took place in Cuba. Scarcely in power for a decade, they were ousted through free elections, after which they were too isolated internationally, and too weak domestically, to effectively block Nicaragua's democratic transition. Unless the PCC unexpectedly disintegrates after Castro's departure, the same is not likely to occur in Cuba. As one observer concludes with respect to any future democratic transition, "It is very likely a successor [communist] party on the left would win its share of future elections."[77]

The Ministry of Interior

As with other totalitarian states, the Ministry of Interior has been a key supportive organ for the Castro regime, along with the Party and the FAR. Numbering some 15,000 personnel, MININT has been charged with maintaining law and order, directing police operations, and ensuring regime security. Within MININT, State Security has always been the agency most responsible for internal security, becoming the most feared, repressive arm of the state. It developed an effective control apparatus composed not only of security and counterintelligence agents, but also legions of informers within the general population.

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[77] LeoGrande (2002, p. 35).

For decades, tension existed between MININT and the FAR, both institutional and personal, because army officers feared the former's counterintelligence activities. The struggle between the two was finally resolved in 1989, when the FAR effectively took over the Ministry of Interior in the wake of the Ochoa trial. Under the direction of MININT's new head, Army Corps General Abelardo Colomé Ibarra, the FAR carried out a wholesale purge of the ministry's ranks, replacing veteran MININT officers with *raulista* officers from the army--i.e., those who identified closely with Raúl Castro.[78]

After the 1989 purge of MININT and the onset of the economic crisis of the 1990s, State Security assumed a less outwardly visible role in repressing the regime's enemies. The National Revolutionary Police (PNR), whose tasks previously had been confined to law-and-order issues such as crime, now took over many of the activities previously performed by State Security in harassing, intimidating, and arresting dissidents and critics of the regime. The PNR, however, remains under the direction of State Security, as do the Rapid Response Brigades that were formed after 1989 for use against dissidents, demonstrators, and others who dared defy the government.[79]

Irrespective of whether it is State Security, the police, or the goon squads, MININT is the one institution that remains most identified in the people's minds with the regime's repressive arm. Hence, more than even the Party or the FAR, MININT has the most at stake, both at the institutional level and the personnel level, in fighting to perpetuate the present regime after Castro is gone. Indeed, many in MININT stand to lose not just their power and privilege, but their very lives, if a new regime comes to power that is determined to rout Castro's followers. Hence, MININT is likely to align itself with the most hard-line, recalcitrant elements of the Party and serve as a major obstacle to the

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[78] The *raulistas* generally served under Raúl's command in the Second Front during the guerrilla war against Batista, with their subsequent careers in the FAR tallying closely with their loyalty to Raúl. It is not clear whether MININT's Special Troops, which were rushed to Angola in 1975, were disbanded with the FAR's takeover of MININT.

[79] Because the FAR now controls MININT, State Security's use of such surrogates as the PNR and the Rapid Response Brigades in political repression may be the result of the army's desire to separate itself as much as possible from any popular perception that the FAR is now part of the state's repressive apparatus.

democratization of Cuban politics. At the very least, it is certain to fight its dismantling as an internal political police.

The key institutional player in any transition to a more open, democratic system will be the FAR. Only the army--despite it having been radically scaled down over the past decade--can tip the scales against MININT and the hard-liners in the Party, provided it chooses to do so. However, because the military's expanded role in the economy has made the military a stakeholder in perpetuating the current regime, the external threat posed by elements of the Cuban exile community may further align the military with MININT and Party hard-liners.

What stance the military takes may depend as much on the internal dynamics of the succession process itself as on the factors above. Here, one important variable is likely to be the FAR's perception of which side is winning in the succession struggle and whether it must join with MININT in forcibly repressing the civilian population to maintain a hard-line communist regime in power. If MININT and the hard-line communists appear to have the post-Castro situation under control, and there is thus little prospect that the army will have to fire on civilians, the FAR is likely to continue accepting Party authority, as was the general rule with the military in other communist states before 1989. However, if MININT and the Party begin losing control, and the army is called upon to use force against the population, then the FAR may well move against MININT and the hard-line Communist leadership.

Hence, which way the post-Castro dynamic goes will depend, in the first instance, on how cohesive the successor communist regime is, the behavior of the regime's political opponents and the populace at large, and the actions of the United States and the exile community.

The Absence of the Rule of Law

While MININT and the Communist Party serve as institutional impediments to the building of a democratic polity in Cuba, they can at least be dismantled organizationally, purged of their most recalcitrant leaders, or outlawed altogether. A far more difficult obstacle to overcome in any democratic transition is presented by the absence of the rule of law in Castro's Cuba. Creating a law-based society will be a long, difficult

task that will require instilling radically different values, norms, and attitudes among political elites and the general populace. Both segments of the population have been conditioned to Cuba's being a lawless state by pre-revolutionary governments and by four decades of Castro's rule.

Not that Cuba has been devoid of laws under the *fidelista* regime. The first year of the Revolution saw a veritable "legislative explosion in Cuba in 1959, when the total output was 190.1 laws every hundred days," although the rate fell to 62.3 laws every hundred days by 1960, thereafter declining sharply as the regime succeeded in consolidating its power.[80] Revolutionary Cuba also was governed by a Fundamental Law in lieu of the 1940 Constitution until the promulgation of the 1976 Constitution. The Constitution was amended in 1992 by the National Assembly. Nevertheless, two trends that have been constant throughout have made Cuba a lawless state:

- First, the Fundamental Law, the 1976 Constitution, the 1992 amended version of the Constitution, and the application of the law have had the effect of preserving the state's vast powers over society, including the right to arbitrarily deny citizens their political rights and property.
- Second, since 1960, Cuba's courts and legal system have left the executive branch unaccountable and thus unrestrained in exercising its power and authority, including in the making and the application of laws.[81]

Hence, as Castro's Cuba demonstrates, the existence of the rule of law constitutes one of the great divides separating the "law-based states" of liberal democracies from lawless states, which are authoritarian, totalitarian, or post-totalitarian.

In law-based states, not only the populace, but also its rulers and the state, are subject to the rule of law. Individuals are endowed with

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[80] Domínguez (1978, p. 203).

[81] During 1959 and 1960, the Cuban Supreme Court had modified or ruled unconstitutional some of the government's revolutionary laws and decrees, which led to growing tension between Castro and his cabinet and the court. Between November 1960 and February 1961, Castro retaliated by dismissing or forcing the resignation of 21 of the 32 justices of the Supreme Court; he similarly purged the lower courts of those jurists who had ruled against the government. Thereafter, the executive branch had a free hand in making, amending, and executing laws. See Domínguez (1978, pp. 248–254).

the right to free speech and association, the right to private property, and the right to legal protection from the abuse of state power. The rule of law further stipulates the manner in which contending political elites must acquire power if their power is to be legal and legitimate, while making those wielding power accountable to the citizenry at large. And its observance is crucial to the functioning of a viable market economy, because it creates a predictable legal environment, which is essential to the success of commercial, trade, and investment transactions. In such an environment, laws and regulations are known beforehand, are applied equally, and are binding--aspects of the rule of law that have been lacking in Cuba since 1959.

Since 1959, Cuban citizens have been without protection from the state. Initially, revolutionary tribunals under the control of State Security were established to try and sentence citizens charged with counterrevolutionary offenses. But as the International Commission of Jurists noted in 1962, the government had full discretion to define what behavior was "counter-revolutionary."[82] Later, the 1976 Constitution and its amended 1992 version granted citizens a number of freedoms and civil rights--but on a conditional basis. Thus, Article 62 of the amended Constitution stipulates that none of the rights granted to citizens can be exercised ". . .contrary to the existence and goals of the Socialist State, or contrary to the Cuban people's decision to construct socialism and communism. The infraction of this principle is punishable."[83] Indeed, to this author's knowledge, over the past 40 years no Cuban charged by the state with counterrevolutionary activity or disrespect toward Castro or other government leaders has ever been acquitted.

The lawlessness of the Cuban state is further compounded by the relation of the law to the ruling elite: The law does not hold Cuba's ruling elite accountable for its actions, except when it suits Castro's purpose. When it suits Castro's interests, the law has been applied retroactively sometimes, but always arbitrarily. The most notorious such case was the arrest, trial, and execution in summer 1989 of the army's

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[82] Domínguez (1978, p. 251).

[83] *FBIS-LAT-92-226-S* (1992, p. 7).

most-distinguished combat officer, Division General Arnaldo Ochoa, together with three other FAR and MININT officers.

If the regime trampled on the human rights of its citizens, it also ran roughshod over their property rights. The 1960s saw wave upon wave of government expropriations through revolutionary laws and decrees. Expropriated without compensation were banks, factories, beach clubs, public utilities, farms, sugar mills, department stores, apartment houses, and private homes, among others, that were owned not only by foreign companies and citizens but many also by Cuba's middle and upper classes. The cycle of confiscations concluded with the Revolutionary Offensive of 1968, which nationalized what was left of small urban businesses.

The regime's disregard for property rights did not end then. Under the post-totalitarian state that emerged with the economic crisis of the 1990s, the state finally legalized self-employment in 100 trade, craft, and service categories, beginning in September 1993. Although the number of self-employment categories was subsequently increased to 160, the newly licensed micro-entrepreneurs were soon subjected to arbitrary harassment by government agents, bureaucratic rules that imposed a straitjacket on their operations, and near-confiscatory taxes, all designed to limit profits and the proliferation of the self-employed.[84] Used not to promote the micro-entrepreneur, the law, in short, has been used to contain and in some instances to asphyxiate the micro-enterprises.[85]

In the meantime, the lawless character of the Cuban state has found its mirror image in Cuban society, where, as a result of the Special Period after 1990, desperate Cubans must resort to violating the law in order to survive. Thus, not only must they rely on the black market, but must resort to prostitution, pimping, pilfering of state enterprises,

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[84] For example, two years after the self-employment decree was promulgated, *paladares* (home restaurants) became subject to a $300 license fee, a 400-peso monthly fee, income taxes for gross revenues of more than $3,000, and requirements that they prove through receipts that they had bought their produce, meat, and fish through government outlets. All such fees and taxes generated dollar revenues for the state and reduced the profitability of the *paladares.*

[85] See Ritter (1998, pp. 63—94); and Zimbalist (2000, esp. pp. 19—23).

and bribing of government officials, among other things, to make ends meet. Anomic behavior today may thus be undermining the social requisites needed for the rule of law in a future Cuba.

The Settling of Scores with the Accomplices of Totalitarianism

Another vexing problem could await Cuba if it embarks toward a democratic transition within the context of a law-based society: How does it come to terms with its communist, totalitarian past. As noted earlier, not only high-ranking Party and government officials but also lower-level officials and much of the populace have been complicit in maintaining the totalitarian/post-totalitarian state. Therefore, will a new government have the legal right to retroactively punish actions that, although reprehensible, were both legal and required under the old regime, as occurred in Central Europe?

After German reunification, for example, East German border guards--along with their military and civilian superiors in the German Democratic Republic's (GDR's) chain of command--were prosecuted for using deadly force at the Berlin Wall. However, critics charged that the trials were but an expedient form of "political justice," undertaken without regard to the law that existed in the GDR at time. The critics maintained that such trials reflected not the rule of law but the "colonisation" of the East by the West following the collapse of communism.[86] What should be done with Cubans who served in the MININT as prison guards, police officials, and counterintelligence officials, or who served as informers for State Security, would present an analogous problem for Cuba's democratic transition.

In Czechoslovakia, coming to terms with the past took the form of the 1991 "lustration law," which barred former communist officials and party members ranking from the district level on up from holding public office for five years. Members of the secret police were barred from government jobs altogether. The law also went further by requiring a procedure of vetting, or background screening, that would use information in secret police files to identify collaborators and

[86] See Quint, (1999, pp. 303-330); Torpey (1993, pp. 426–427).

informers among student organizations, dissident groups, and the general population.

As Tina Rosenberg notes, the latter requirement of the lustration law often had the perverse effect of tearing at the underlying fabric of Czechoslovakian society:

> . . . [T]he fullest measure of public wrath was directed not at the top Party secretaries and StB chiefs but at the office clerk who snitched on his coworkers. . . . But in a way, these little informers were more of an enemy. They were the ones who lived next door. They were the ones whose tattling had resulted in their colleague's firing or their neighbor's arrest. And they were the ones who kept their activities secret. Czechoslovaks had spent years hating Party secretaries by name. But their anger against a newly uncovered informant neighbor was fresh.[87]

As a consequence, Vaclav Havel attacked the law on the grounds that

> . . . it places on the same level a young man who cooperated with the police because he could not hold out during a beating after one of the Prague demonstrations and the policeman who beat the young man into signing.[88]

A democratically oriented government may well face the same kind of dilemma in trying to construct the rule of law in a post-Castro Cuba.

CONCLUSION: FROM A STRONG STATE TO A FAILED STATE?

As has been argued, Castro's twin legacies of *caudillo*ism and totalitarianism/post-totalitarianism will pose obstacles for the new Cuba when the *comandante* finally departs the scene. Whether communist or noncommunist, his successors will have to wrestle with the lingering aftereffects of *fidelismo*--among them, a leadership void, a strong military, a politically divided society, a populace inculcated with egalitarian values, and a self-destructive tradition of extreme nationalist posturing. For their part, totalitarianism and post-totalitarianism will leave a strong state in the form of a large, well-organized communist party, a powerful military establishment, and a repressive control apparatus in their wake. They will also have deprived

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[87] Rosenberg, (1995, p. 69).

[88] Quoted in Rosenberg (1995, p. 69).

Cuba of a civil society, democratic norms and values, and the rule of law, with which to promote national reconciliation--a goal that will be made more difficult if many Cubans want to settle personal scores against their former victimizers. A smooth, rapid democratic transition for Cuba after Castro is gone thus seems a long shot.

In fact, rather than making the type of transition that took place in Poland, Czechoslovakia, and Hungary, a Cuba after Castro could proceed toward any one or more of the following political futures:

- A successor communist regime under hard-line and centrist leadership. Such a regime is likely to be unable to revitalize and restructure the economy.
- A successor communist regime led by reformers. Such a regime may be able to enact liberalizing reforms, but it will face opposition to its policies.
- A military takeover of a faltering communist government along the lines of the Jaruzelski government in Poland. Such a government could temporarily restore political stability but at the cost of repression and economic revitalization.
- A civil war fought between the communist successor regime and its opponents on the island and in Miami. This future would be ruinous for the country's future.
- A negotiated pact that enables the communists to remain entrenched while ostensibly sharing some power with the peaceful opposition. This future is likely to prove only a temporary fix and lead to a stalemated government.
- A negotiated pact that the enables the peaceful opposition to assume power by allowing communists to exit the government without facing reprisals. This pact could leave the new government in a tenuous and probably fractious position.

Save perhaps for the last future, the above futures do not auger a politically and economically viable Cuba after Castro. Also, all but the military-takeover scenario suggest a considerably weakened Cuban state.

Making matters worse is that a post-Castro government--of whatever persuasion--will be faced with the structural problems that are discussed in greater detail in other studies included in this volume:

the difficult public policy choices posed by an aging population and declining labor force (McCarthy, Appendix C), the societal problems arising from an alienated, disengaged youth (Fernández, Appendix B), the looming racial divide, the imperative of restructuring the island's inefficient sugar industry (Pérez-López, Appendix E), and the need to deepen economic reforms that are likely to prove politically unpopular (Pérez-López, Appendix D).

It could be argued that a strong state of the type that existed under Castro could tackle these structural problems. Yet, as the companion studies show, even Castro's government has only recently begun the restructuring of the sugar industry while largely ignoring or only half-heartedly addressing the other structural problems because of their potential political fallout. In any event, the potential for political fallout after Castro is gone will be even greater, because the state will surely possess even less legitimacy and political power than its predecessor, while also lacking the economic resources to attack these structural problems. Hence, the weakness of the state in the post-Castro era could compound Cuba's future difficulties, leaving the island mired in a deepening demographic, social, racial, and economic crisis that could lead to the unraveling of the new Cuban state.

But even if the structural problems are surmounted and the transition to democracy begins, the core problem that marked Central Europe's democratic reconstruction is likely to apply to a post-Castro Cuba as well. In the former bloc counties, the democratic experiment was "beginning to resemble the imposition of communism: inasmuch as communism was an attempt to introduce a proletarian revolution without a working class, what is now happening is the introduction of democracy without democrats."[89]

Still, even though it may be an elusive goal, Cuba's democratic transition under the direction of nondemocrats could at least get Cuban society started on the long and difficult road to democratic governance. Postponing the transition for the purpose of ensuring stability under a successor government that seeks to perpetuate the present order would at

[89] Schoepflin (1994, p. 129).

most provide only a short-term gain at the expense of the island's long-term future. Democracy and the rule of law are not simply intrinsically desirable in a normative sense; they affect the workings of the economy as well. As the jurist and legal scholar Charles Fried has argued, societies are better able to prosper economically over the long run if they possess free markets that are tempered by law and democracy. Otherwise without these two requisites, "bandit or tyrant capitalist societies" are what countries have as has occurred in Russia and China.[90]

[90] Fried (2000, pp. 5–18).

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APPENDIX B

THE POLITICS OF YOUTH IN CUBA: PATTERNS, DYNAMICS, AND FUTURE CHALLENGES

By Damian J. Fernández

"On the youth the Revolution has its most firm hopes."

Bohemia, March 30, 1962

"Yes, yes, the youth has to be more intransigent than anyone else, more inflexible than anyone else."

Fidel Castro, VII Plenum of the National Committee of the Union of Communist Youth, October 21, 1979

"Being a communist youth will not entail privilege at all, on the contrary: being a communist youth will entail sacrifice, will entail *renunciamiento.*"

Fidel Castro, 1987

"They are wavering. They simply have stopped believing or consider it impossible to resist and triumph. . . . They are the ones that criticize all. They are the super-revolutionaries. One hears them say that everything is going wrong, that they are tired . . . that we have spent 30 years saying that we are in the worst moment."

Report of the Sixth Congress of the Union of the Communist Youth, 1992

"I am tired of the routine . . . with time I hope to see the changes and I am one more that could die in the attempt."

Alto Voltaje (rap group), National Festival of Rap, Havana, Cuba, August 2002

"We need people who are asleep to wake up and learn to live, not be like puppets. . . . I have to write and say things. I have to live in my time and place. Whatever happens happens."

Cuban oral poet, 2002

INTRODUCTION

The above quotations encapsulate the history of youth politics in Cuba since 1959. It is a history of unfulfilled aspirations and escalating tensions between the state and the young. The leit motif of the politics of youth has been frustration, expressed in two ways: the state's frustration with the young and the young's frustration with the state.

Frustration is a symptom of the failure of official political socialization. It is also the result of the state's inability to make good on material and nonmaterial promises, especially since the mid-1980s. In 2003, the desire of *los jóvenes cubanos* (the Cuban youth) for change is manifest. One can hear it in their music and in their slang. One can see it in their membership in alternative organizations, in multiple manifestations of informal resistance, and in their exit--both symbolic and literal--from officialdom. Any future government of Cuba, regardless of ideological stripe or specific institutional architecture, will confront daunting challenges in dealing with the desocialization of the youth and with the expectations of the youth.

In the future, the current issues of contention will play out around three axes:

1. Political (i.e., participation and nonparticipation, legitimacy and illegitimacy, efficacy and inefficacy, inter- and intra-generational cleavages, and racial politics, among other factors
2. Economic (i.e., inequality, unmet material needs and expectations, and insertion into the labor market)
3. Social (i.e., desocialization, marginality, corruption, criminality, and pervasive informality).

As these challenges intersect with the overarching issues of transition, governance will be difficult to manage, particularly democracy and the construction of a "civic" civil society. What will be most troubling for elites and for society in general will not emanate from the "good communist youth" who internalized revolutionary nationalist dogmas expounded in schools and state organizations. On the contrary, the greatest source of political and social disruption will tend to be the desocialized young, the marginalized young, and the *desvinculados* (the disconnected--those not in school or gainfully employed). That is, the *failure*--not the success--of communist institutions and socialization will cause the thorniest social, political, and economic problems in a post-Castro Cuba, especially among the young. It is precisely the desocialized population well steeped in the forms of informality--the propensity toward anti-institutionalism

and illegal behavior and attitudes--that will fray the fabric of civil and political life.

To make matters more complex, any post-transition government will have to redefine the social pact, reformulate a new foundational myth, and address the pent-up economic demands of the population within the context of the economy's dismal outlook if it is to gain legitimacy and support. The tasks are monumental; the prospects are not bright.

The Cuban political system can be considered a gerontocracy; yet, the politics of youth have played and will continue to play a determining role in the island's future, not only politically, but, more important, socially. What is at stake at present is not simply whether the regime can be replicated, but whether the future society, civil and political, will be of good quality. *Los jóvenes* will constitute the single most potentially explosive social group for the regime and its successors. Issues revolving around the youth will interplay with structural limitations, institutional legitimacy and efficacy, and political culture. The immediate concerns of the young interface with issues of class, race, and ideology. The politics of youth is a prism through which one can better detect the tensions and fissures in state-society relations both past and present and how those relations are likely to develop in the future.

The dynamics of state-youth relations in Cuba since 1959, and particularly since the 1980s, reveal a widening chasm between rhetoric and practice, between what is legal and illegal, and between formal and informal forms of behavior that is pervasive, continuous, and insurmountable. This chasm between what should be and what is has eroded the traditional tenets on which legitimacy has rested since 1959.

A significant, although undetermined, segment of the young uphold new standards of judgment based on performance rather than promise, and on legal rationality rather than charismatic authority. Such judgment requires matching the theory of Cuban socialism with its practice. The resulting distance has undermined support for the political system and has generated disenchantment and disappointment among *la juventud* (the youth). These attitudes are expressed in a variety of behaviors and attitudes: from political apathy (refusal to participate or ritualistic

participation) and *doble moral* (a dual set of behaviors, attitudes, and opinions--one for public view and the other for private life),[1] to exiting the country (through migration or self-imposed alienation) and self-generated mechanisms (usually illegal) for satisfying material and nonmaterial needs.

The dynamics of state-youth relations has its recent origins in the 1980s. The Mariel boatlift of 1980 was a breaking point, not only for those 125,000 Cubans who left (41 percent of whom were under the age of 27) but also for those who stayed.[2] Since the advent of economic crisis in the late 1980s (under the rubric of the Campaign to Rectify Errors and Negative Tendencies and, later, the Special Period in Times of Peace), the distance between the state and the youth has grown even wider: The state had fewer goods to distribute, and the young had fewer reasons to comply with the state's regulations and expectations.

On the economic side, the average Cuban's standard of living plummeted in the early 1990s, and the young saw their possibilities for mobility and consumption fade.[3] High expectations fueled by education, urbanization, and socialist discourse had come to naught, leaving the young (and many of their elders) at odds with the political and economic system and with no formal channels through which to voice opposing perspectives.

In this appendix, I first sketch a social, demographic, and political portrait of Cuban youth. Second, I present a political and historical overview that identifies key issues and areas of contention and serves to contextualize the processes of socialization and desocialization. Third, I locate the limits of state socialization, the patterns of behavior of the youth, the potential cleavages between and within generations, and the causes of the frustration of *la juventud cubana* that put into doubt the reproduction of the current political system and that signal potential problem areas in the future. That section of this appendix highlights the informality and marginality

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[1] *Doble moral* is similar to *la cara doble* ("two faces") but contains an element of hypnocracy, such as when one claims to be adhering to high moral principles but acts otherwise.

[2] Ackerman (1997).

[3] Mesa-Lago (2003).

pervasive in Cuban society and in youth culture and that are likely to continue well into the future. Fourth, I outline the main challenges--political, economic, and social--that are likely to play out in a post-transition Cuba, regardless of regime. These challenges have no self-evident remedies or instantaneous solutions, although some problem areas can be addressed partly by institutional change (e.g., opening the structures to opportunities for political and economic participation, incentives and rewards). However, other problem areas (e.g., cultural and normative) will tend to resist structural reform. The situation of the young in former socialist states is a sad harbinger of what one can expect in Cuba. Young people have not fared well in the post-transition countries of Eastern Europe and the former Soviet Union. Once catalysts for transition in the 1980s and early 1990s, most young people have been wholly disengaged from politics since then. They are merely surviving now, "neither defeated nor deflated, nor obviously benefiting in any way yet, in most cases, from post communism."[4] Worsening economic conditions that limited access to employment and social security have been accompanied by moral decay, disillusionment, and a crisis of values. The majority "do not really know where they are going or what they believe in."[5] One can expect similar patterns among the youth in post-Castro Cuba.

THE CUBAN YOUTH: A DEMOGRAPHIC, SOCIAL, AND POLITICAL PROFILE

Defining "youth" is a complicated task. The first source of complexity stems from encompassing hundreds of thousands of individuals into one seemingly monolithic group. Although I use the collective term "youth," I do not pretend to include in that term all young people at all times. Cuban youth, like youth everywhere, has never been homogeneous. But little is known of the sociocultural diversity of the younger generations because scant data are available. Intragenerational differences that can be detected at present are likely to become more pronounced following a succession. They can be articulated along

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[4] Roberts et al. (2000, p. 26).

[5] Riordan, Williams, and Ilynski (1995, p. 2).

multiple dimensions: geographic (rural versus urban, regional); racial; educational (highly skilled versus lesser skilled); income (especially post-1990); integration or lack of integration into the political system; achievement versus ascription (merit-based promotions versus loyalists, who have reached positions of influence as a result of personal connections with top leaders); and civilian versus military. On many of these dimensions, no information is publicly available.

The second definitional challenge is how to demarcate the category of "youth." Some Cuban sociologists argue that *la juventud* covers the period between 16 and 30 years of age; others mark the start of youth at age 13 or 14. Nor is there a consensus on when "youth" ends. The upper age limit for membership in the *Unión de Juventud Comunista* (the Union of Communist Youth, or UJC), the youth arm of the Communist Party of Cuba (*Partido Comunista de Cuba,* or PCC) from which many PCC cadres are recruited, is the mid-30s.[6] Moreover, any definition of "youth" is problematic, because the boundary between childhood, youth, and adulthood is blurry and not always chronological. Strict age limits do not conform to individual and contextual differences that influence the passage from childhood to youth and later to adulthood. However, an age-based definition serves the purpose of demographic identification.

About 28.8 percent of the Cuban population falls into the 16- to 30-year-old age category. Fifty percent of the population is less than 30 years old. Low fertility rates mean that the absolute number of young has decreased and that the population is slowly aging. Cuban youth are highly urban, 72 percent of them living in cities (20 percent in Havana). The youth are better educated than their predecessors. The average schooling completed is ninth grade, and 20 percent attend or have attended university.

Despite the higher level of education, *los jóvenes* experience a slower pace of social mobility (if any at all) and less social participation than their predecessors, except in education.[7] The younger generations exhibit behavior patterns different from those of older Cubans in family life, including a high level of consensual unions, a

[6] Zamora Fernández (1984, p. 19).

[7] Domínguez García and Ferrer Buch (1996).

lower number of children (an average of one), and a lower age at maternity.[8]

What is most important at present and for the future is the dissonance between education, employment, social mobility, material attainment, and autonomous political participation. That dissonance has resulted in widespread frustration among the young, who have pent-up demands for social, economic, and political change that would open up opportunities for a better life.

Demands on the Government

The two "peaks" that characterize the demographic structure of the island--one of the young and the other of the senior sector of society--present a dual set of taxing demands on the government. As the population ages, needs and wants shift away from recreation and schooling to employment, housing, child care, and social participation (not to mention, later down the line, pensions and social security). Such a demographic profile could not be much worse, requiring as it does concurrent continued investment in education for the young and social services for "aged" seniors.

The size of the youth population is not the only source of their political and social importance. Their high educational attainment (which in turn has increased their expectations), as well as their concentration in urban centers, would lead one to expect that Cuban youth show considerable political activism. Throughout Cuban history, *los jóvenes*, particularly university students, have commanded leadership roles in ushering in sociopolitical change. However, structural limitations (political and economic, and national and international, have caused Cuban youth to appear less disposed to political engagement. Their economic insertion into the labor market is also less than what could be expected, given their educational background.

Five generations coexist on the island at present:

1. An older generation, socialized prior to the Revolution, now in its 70s or beyond.
2. An intermediate group born between 1944 and 1949.

[8] Domínguez García (1997, p. 71).

3. A generation born between 1950 and 1975.
4. Those born after 1975.
5 A generation younger than that in generation 4, born in the 1990s.

One can infer political differentiation among these generations according to the patterns of behavior of each cohort. Generations 4 and 5 (and those born in the latter years of generation 3) especially have exhibited actions and attitudes that create tension with, if not outright defiance of the state. The reduced socioeconomic possibilities of those born or reaching teenage years after the mid-1980s provides a main reason for greater confrontation, both formal and informal. The political discourse of the top leaders (and of state institutions) is out of sync with the interests of the young and has alienated many. The emergence of a youth identity among the island's young since the 1980s is another important reason for the political distinctiveness of the younger generations.[9] Evidence of this identity is manifested in such values as individualism, autonomy, and consumerism, which, in turn, have been expressed in the attempt to create independent organizations, particularly cultural ones, in the latest wave of migration. In that wave, the young constituted about 75 percent of those who left in the "rafters exodus" of the early 1990s (i.e., those who used makeshift rafts and boats in an effort to cross the Florida Straits). The young also participate in self-employment, both formal and informal, representing 30 percent of the total self-employed (*cuenta propistas*) in the mid-1990s.[10]

The economic crisis has had an impact on the educational and labor profile of the Cuban youth. As of the early 1990s, *los jóvenes* played a pivotal role in the Cuban economy, representing 40 percent of work-age Cubans but 50 percent of the employed labor force. They also exhibited a notable educational achievement: By the 1980s, 60 percent had some level of professional training.[11] The economic tailspin hit the youth hard. Opportunities for higher education were diminished as the Cuban economy

[9] Domínguez García (1995); Bobes (2000).
[10] Domínguez García (1995); Bobes (2000); Ackerman (1997).
[11] Domínguez García (1998).

found itself with reduced resources for continued social investment and with an oversupply of highly educated workers and no placement for them.

In an effort to remedy the problem, the government initiated a campaign to emphasize vocational and technological education in spheres in which employment would be available: hospitality management, biotechnology, and agriculture. New vocational schools were planned and built throughout the country.

As the economy collapsed and reforms were adopted in the early 1990s, the Cuban youth had to adapt to the new circumstances. The process of adaptation changed the labor insertion of the youth in several ways:

1. The number of *desvinculados* (unemployed) increased, with youth representing up to 74 percent of the unemployed.
2. There was a shift to *cuenta propismo* (self-employment).
3. Underemployment expanded.
4. There was a rise in employment in areas associated with technology, tourism, and agricultural production.[12]

The pivotal social role of youth goes well beyond its contribution to the national economy, stemming instead from the "uncertainty and doubt" that results when "one's questions outrun the scope of one's inherited answers," according to Karl Manheim (1967). When prescribed formulas do not stand the test of time, questions regarding the validity of theory and practice come to the fore, challenging cosmographies and institutions. According to Weber,[13] the young are caught between two divergent ethics: "the pure ethics of absolute ends" characteristic of adolescence and the "ethic of responsibility" of adulthood. The two competing perspectives make the young measure ideals transmitted to them by families and society in general with the reality they experience firsthand.[14] Youth everywhere face the gap between what ought to be and what is. The larger the gap, the more traumatic is its discovery and the more dramatic are the possible consequences.[15] It is precisely the gap

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[12] Domínguez García (1998, p. 271).

[13] Lipset (1972, pp. 285-326).

[14] Mannheim (1967, p. 4).

[15] Lipset (1972, pp. 285–326).

between theory and practice in Cuban socialism that has resulted in the desocialization of sectors of the youth. Desocialization, in the form of rejection of officially sanctioned behavior and attitudes, especially since the 1980s, has been one of the major concerns of the Cuban government; it is likely to play out in the future with important repercussions.

The Politics of Los Jóvenes Since 1959

The history of youth politics in Cuba reveals that as younger Cubans came of age, support for the regime began to rest on standards other than those related to Fidel's charisma. With time, delivery rather than promise--the congruence between theory and practice--assumed greater significance in sustaining popular adherence. The point of divergence in Cuba came in the early 1980s, when generational, material, and ideological factors coincided to undermine the social base of the regime. By then, the generation of Cubans who had been born after 1959 or had grown up under the new system, now in their teens, 20s, and 30s, expressed discontent, skepticism, and critical support of the system. Younger Cubans did not feel the same about their government as their parents did in 1959. Time and experience had distanced them from the revolutionary struggle. Their daily experience, far removed from the epic of the Revolution, had become routinized and institutionalized. Political life had lost its spontaneous, celebratory, and revolutionary quality, falling into repetitive ritualism and "officialese"--what young Cubans call *teque* (official harangue devoid of meaning). The young yearned for an alternative relationship between the individual and the state and for greater social and economic space for authentic participation and self-expression.[16]

Over time, support for the system came to rest less on charisma and revolutionary promises and increasingly on four dimensions, or challenges, with which all political systems must contend:

- Efficiency and inefficiency.
- Efficacy and inefficacy.
- Participation and control.

[16] Bobes (2000, pp. 201, 207).

· Conflict and consensus.[17]

Lack of fit between normative frameworks and day-to day-life in *socialismo real* (real socialism) undermined the enthusiasm the youth (and the older Cubans, as well) once exuded for the Revolution and its *líder máximo* (maximum leader).

Efficiency and Inefficiency

One of the major issues for the youth in Cuba and for state-society relations in general is the bureaucratization of the Cuban political system. Bureaucratic formalism is contrary to the spontaneity, the experimentation, and the effervescence of the early revolutionary years. The Cuban population constantly complains about the pervasive inefficiency of the socialist system, ranging from the inefficiency of the food-rationing system to the inefficiency of public transportation, indicting the entire political apparatus indirectly. Red tape and institutional inefficiency resulted in the withdrawal of Cubans (the young included) from the public arena dominated by the state. In turn, they sought alternatives in the private and informal spheres.

Governmental efficiency is related to legitimacy and governability. The less efficient the system is, the less legitimacy it will generate, and the less likely it will be to sustain governance. The Cuban youth, entering adult life with lofty aspirations, time and time again confront the inability of the system to deliver the goods and benefits promised. Part of the problem with delivery, admits a government official, is "the plethora of controls and paperwork. . . . This is part of our whole system of formalism, whose weight is felt on how the people's government functions. . . ." A young construction worker agreed: "There is no end to the red tape and hassles at the municipal level" for problems relating to housing, for instance.[18]

Efficacy and Inefficacy

Efficacy, the sense that representatives and ordinary citizens have the ability to deal effectively with political problems, makes

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[17] Lipset (1959).

[18] *Foreign Broadcast Service—Latin America* (FBIS-LAT) (August 31, 1990, pp. 7—12).

individuals feel that the government is legitimate. The discourse of the Cuban government and the official ideology have emphasized the access of the common person to the organs of power. The rhetoric has increased expectations, but the system has failed to deliver on its promise. Since at least the early 1990s, the youth increasingly feel that their representatives and the institutions of government do not command the necessary autonomy to exercise authority in a decisive manner. A poll conducted on the island revealed that more than 40 percent of those questioned did not have confidence in their representatives and expressed that the elected officials were "errand boys [and girls]." Of those polled, 48 percent believed that "the representative does not have sufficient authority to solve problems in his district." The author of the article on the poll concluded that "the lack of power to find solutions to many problems tends to break down voter's faith in their representative."[19] The Cuban youth express those feelings readily. Interviews with former UJC members, now in exile, echo the sense of powerlessness and frustration prevalent among *la juventud*.[20]

Participation and Control

In Cuba, the youth are not only highly educated, they are highly mobile. Such mobility results in greater pressure for participation. Participation is conditional on "revolutionary credentials" and political conformity. Mass organizations such as the neighborhood Committees for the Defense of the Revolution (CDRs) foster controlled participation within rigid parameters. Given the lack of efficacy of Cuban institutions, including mass organizations, *los jóvenes* are increasingly attracted to engaging in unofficial arenas (e.g., religion, dissident organizations, autonomous projects), even as limited as these spheres are and as risky as such involvement might be. The young are channeling their political and social participation into the informal sphere. Involvement in the informal indicates that the official venues are less and less binding and less attractive. The bonds between the

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[19] FBIS-LAT (August 11, 1970, p. 10).

[20] Personal interviews with two former members of the UJC, Florida International University, Miami, Florida, October 6, 2002, and December 4, 2002.

institutions of the state and the youth are loosening. The young want participation in a manner that respects and acknowledges the diversity of Cuban society and the freedom to express alternatives.

Since the 1980s, artist groups (e.g., Arte Calle, Proyecto Castillo de la Fuerza, Padeia) and, as in the past decade, rappers have been the vanguard in unfolding the banner of diversity, individualism, self-expression, and social change. The monolithicality embraced in the early years of the Revolution and still reflected in the official discourse is no longer palatable to the young and is, therefore, untenable in practice.

During this stage of their life, young Cubans want to manifest their individuality, something they find difficult, if not impossible, to do within officially prescribed parameters of the revolutionary code of conduct. Yet, many find ways to do so, despite the fact that their actions and self-identification entail running high risks (harassment, loss of employment, closed educational opportunities).

Conflict and Consensus

Although the official discourse portrays the Cuban people as a monolithic revolutionary mass living in egalitarian harmony under the banner of socialism and nationalism, the young have come to realize that the bases of social, political, and economic cleavages and conflict are present in Cuban socialism, especially after the 1980s. Where there was consensus in the 1960s, one now finds conflict, latent and overt. As mentioned before, Cuban society is much more variegated than it was decades ago. As such, contending interests and multiple identities at times clash with officially prescribed ones. The young are at the heart of the struggle between conflict and consensus in Cuban politics. While they seek self-expression, the state continually restricts it. The greater the pressure to conform, the less likely the system will be able to attract and maintain the support of "*los jóvenes.*" Coercion is not a substitute for consensus, even if the latter provides a measure of governability. The prospect for consensus depends largely on how the state deals with the issues presented above. That is, will the state effectively address the needs of the young? The current regime is

unlikely to succeed in this task due to political and economic factors and the conflict that will erupt as a result.

Youth Politics Since the 1980s

The young have been leading agents for change in state-society relations in many ways, not the least of which is the formation of a number of independent grassroots organizations, some of which the government closed soon after they were started.[21] The economic crisis of the late 1980s and 1990s, the concurrent emergence of a youth identity, and the rise of social informality reduced the reach of the state into the social sphere of the young. In the young, the state has found a major obstacle in its effort to regulate social relations and penetrate society; in other words, it has failed to control this key sector of the population.

The greater the pressure that is exerted on *los jóvenes* to conform through coercion, the less likely it is that the system will garner support from *los jóvenes*. Religion and Western pop culture--music, fashion, television, and ideas--are attracting more and more Cuban youth. The grandson of Che Guevara, Canek, dreamed not of revolution but of being a rock star.[22] Postmodernism also influenced the young intelligentsia, making them question many of the inherited social values and norms, while democratic transitions in Eastern Europe captured their imagination and bolstered their hopes for a more open, democratic form of Cuban socialism. A crisis of confidence started to set in. The young public became less willing than their parents were in 1959 and 1960 to accept at face value the official discourse. *Somos Jóvenes,* one of the principal publications for the youth on the island, captured these changes succinctly in several of its issues of this period. The magazine expressed the existential crisis of the youth by quoting Diderot: "It is as risky to believe everything as to believe nothing."[23]

Access to global consumer culture is widespread, despite the government's attempts to restrict it. Capitalist pop culture portrays

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[21] Most were not political organizations. See Bobes (2000, pp. 197-201).

[22] Oppenheimer (1992).

[23] *Somos Jóvenes* (No. 137, 1991).

values and behaviors that challenge socialist ethics and the interests of the ruling elite. European and U.S. movies and books are available, through informal channels if not through official channels. *Somos Jóvenes* conducted a survey that showed that more than 80 percent of those surveyed watched U.S. videos and films. The publication warned of the poor quality of those films and the "dangerous" messages that they transmit.[24] Since 1986, and particularly in the early 1990s after the Fourth Party Congress, the Party leadership was rejuvenated, as evidenced in the average age of PCC and Politburo members. Castro noted this trend by pointing to the renewal of Party structures:

> We injected a good dose of young blood into the recent party congress, because we are convinced that is essential and that there is a need for health and energy for the increasingly complex and tense functioning of the state.[25]

The government's affirmative-action program for the young is one attempt among several to retain support from an eroding social base. Younger cadres have been promoted to positions of prominence (in the Ministry of Foreign Affairs, for instance).

Problems with youth mass organizations in schools throughout the island, and with the young in general, have not subsided. Initially, the *Unión de Jóvenes Comunistas* was unable to convince most of its rank-and-file members to join the Communist Party once the members reached the proper age. However, there has been a recent increase in both UJC and Party membership as youths see the PCC as a vehicle for social mobility.[26] Still, the limits of official institutions--such as the UJC, the *Federación de Estudiantes Universitarios* (FEU, or the Federation of University Students), the *Federación de Estudiantes de Educación Media* (FEEM, or the Federation of Middle School Students), and the *Organización de Pioneros José Martí* (OPJM, or the Organization of Pioneers José Martí, the organization of elementary-school-age children)--are clearly articulated year after year in the working

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[24] *Somos Jóvenes* (February 1987, pp. 2–9).

[25] FBIS-LAT (December 12, 1991, p. 1).

[26] See Más (2001b) and "Construcción, Crecimiento . . .," (n.d.).

documents of these organizations, especially in the area of *formación integral* (holistic formation or education) and political socialization.

The history of these organizations points to the failure of the maximalist state--a state that assigns itself a pervasive and dominant socioeconomic, political, and moral role in society to make public ideology private--that is, to achieve the internalizing of the officially endorsed values, ideas, and norms into private practice. Evidence of the inability of state and party organs to win the hearts and minds of Cuban youth is the lackluster participation and the high absenteeism that have characterized political participation in the mass organizations.[27] The attempt to improve the organizations as a means of shaping the conduct of the young is a never-ending story.

A 2001 article in the official Communist Party newspaper, *Granma*, on the "insufficiencies" of the work of the UJC is emblematic.[28] The article presents a laundry list of complaints against the poor functioning of youth organizations, the lack of competent leadership, and the absenteeism of the members, among other ills. The conduct of the young signals the rejection of the institutions of the Revolution. Draft-dodging and refusal to attend *las escuelas al campo* (schools to the countryside) underscore this trend. *Tribuna de La Habana* reported that 25 percent of students in Havana province presented a medical excuse not to attend such schools.[29] The process of rejuvenating the UJC (and Cuban socialism, by extension) coincided with the Rectification Campaign, which backtracked in the area of economic and cultural liberalization. The two developments were at odds. At the same time that the rejuvenation of the UJC attempted to present a more flexible face to Cuban socialism (for example, one of the slogans of the UJC's congresses was *"Sin Formalismo,"* or "Without Formality"), the Rectification Campaign called for an expanded role for ideology in daily life and in the economy. Just as the Cuban government was starting to respond to the concerns of the young (for instance, by reenergizing the UJC under the

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[27] See Bobes (2000) and Domínguez García (1995, pp. 85-94).

[28] See *Granma Internacional Digital* (May 13, 2001).

[29] Cruz-Taura (2003).

leadership of Roberto Robaina), economic and political opportunities were being foreclosed.

Rectification and the Special Period alienated the youth. The government's periodic reversals in economic policy (i.e., from centralization in the 1960s and the 1970s to the decentralization and partial economic liberalization of the early 1980s, and back to centralization in the post-1986 period, then once again to the selective market reforms of the 1990s) created uncertainty and solidified the impression of elite incompetence, if not outright intransigence and arrogance. The economic crisis shook the goodwill that the regime still enjoyed among the youth as their hopes for a better tomorrow faded under the harsh light of today. *Mañana* was far away. The population's immediate concern was to make ends meet, to *resolver* (to make do), to survive. Even those who had played by the rules found that their sacrifices had come to naught.[30]

The split between the youth and the state became more pronounced as the regime adopted policies that undermined the principles on which socialism had stood. For example, with the campaign to lure international tourism, tourists who visited the island had access to hotels, beaches, discotheques, restaurants, stores, prostitutes, and commodities not at the reach of ordinary Cubans. Cubans could not afford them and, worst of all, were not permitted by the government to have access to them, even when they had enough dollars. The practice was labeled informally "tourism apartheid" and fueled resentment among Cubans of all ages. Even prior to the official dollarization of the economy in the summer of 1993, when the holding of dollars became legal, the dollar had already become the currency of choice in the internal economy. But not all Cubans had dollars. Only those who worked in the tourism sector or those who had relatives abroad who would send them money had dollars. As the economic crisis took its toll, the socialist safety net, on which most Cubans relied, became tattered. The youth and Cubans in general had to resort to the black market, to networks of friends, and to self-help mechanisms--such as *jineterismo* (prostitution)

[30] These problems were highlighted in the reports to the Sixth Congress, the UJC. See *Informe al Congeso* (1992).

and the black market——to make ends meet. In the process, the bonds between the individual and the state loosened.

By the end of the decade, the signs were clear that the Cuban regime had been unable to reproduce the necessary social infrastructure to guarantee legitimacy, governability, and permanence. On the contrary, alienation, exhaustion, skepticism, and anger had flourished. Unemployment, crime, school-dropout rates, and other social ills were reaching new highs.[31] The youth found themselves with less opportunity for advancement in the workplace and less access to prestigious university careers. Both lessened opportunities created tension in a sector that had been taught to believe that the Revolution would provide ever-growing opportunities. The coming of age of these youngsters, who are the future of the nation, was met with the harsh reality of not just a declining economy, but a virtual economic collapse. The government's strategies of adjustment have had a dramatic impact on the youth, psychologically and socioeconomically.

In the early 2000s, the regime has attempted once again to muster the goodwill of the young. It has refurbished educational centers, established computer clubs, and allowed limited creative space for intellectuals and artists (e.g., through the Cultural Association Hermanos Saiz and by granting travel permits). The Elian González affair, which pitted exiles in Miami against the Cuban government over the return to Cuba of the six-year-old who had lost his mother crossing the Florida Straits but whose father remained in Cuba, provided the cause for a new crusade to mobilize the youth. The government used mass mobilization to fan the fires of nationalism and revolutionary fervor. During the Elian marches and meetings (called *"Tribunas Abiertas"*), one of the target audiences was middle-school-age children. FEEM, under the leadership of Hassan Pérez, assumed a prominent role. Since the Elian case, the *Mesa Redondas* (daily talk shows on Cuban television) have addressed issues of concern to the young and have been used as forums for capturing the hearts and minds of *la juventud,* who were "coerced" to

[31] See Cruz-Taura (2003).

watch because elite schools (such as the Lenin Vocational) quizzed students on the program's content.[32]

The most recent campaign to attract the young has been packaged ideologically by appealing not only to national identity, but also to humanist justice against the globalizing consumer culture, which threatens to devour "all: national identity, fatherland, social justice, revolution." Averting this threat is the new generation's heroic task, its "something big to do," according to *Granma*.[33] It is doubtful that this message from their elders finds a receptive audience among the majority of Cuba's *jóvenes*.

Youth politics on the island do not revolve exclusively around intergenerational cleavages, however. There are intragenerational cleavages as well. The regime has supporters among the young, especially in the top echelons of mass organizations, state institutions, and party organs. Sharing with Fidel and other regime adherents a fervent sense of radical nationalism and socialism, they tend to occupy privileged positions with access to material and nonmaterial benefits. Their politics cannot be divorced from their self-interests.

However, regime sustainers among the youth are not a homogeneous group. Whereas a cohort of young leaders has derived their power from their close relationship with Fidel and Raúl, others have attained positions of authority through personal merit. Furthermore, there is evidence to conclude that sectors of the *integrados* (integrated) do not advocate "*Socialismo o Muerte*" ("Socialism or Death"), the hard line of the top leadership.[34] A number of individuals who have held positions of prominence have endorsed reforms not acceptable to Fidel and Raúl Castro. Some of them, including Roberto Robaina (former head of the UJC and Minister of Foreign Relations) and a group of young economists associated with the PCC-affiliated *Centro de Estudios de América* (The Center for the Study of the Americas), have run into trouble as a result

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[32] Personal interview with former UJC member, a Lenin Vocational high school leader (Florida International University, Miami, Florida, December 4, 2002).

[33] *Granma Internacional Digital* (August 19, 2001).

[34] Personal interview with former UJC member and Lenin Vocational high school leader (Florida International University, Miami, Florida, December 4, 2002).

of their reformist policy preferences.[35] These known cases of reformism among regime supporters are likely the tip of an iceberg that has a wide base in society and reaches up to PCC, the Revolutionary Armed Forces (FAR), and state bureaucracies.

SOCIALIZATION AND DESOCIALIZATION AMONG THE YOUNG

Political socialization is traditionally defined as the "acquisition of prevailing norms and modes of behavior. In this sense, the 'socialized' person is one who has successfully internalized the prevailing norms of behavior modes."[36] This definition represents the behavioral school of political socialization. The other principal school of thought, the psychological, stresses the acquisition and maintenance of values and patterns of thought.

Every state and its institutions socialize individuals in ways supportive of the system and the status quo. Soon after the advent of the Revolution, the state undertook several major campaigns to socialize individuals according to revolutionary norms. A host of programs (such as the literacy campaign and educational reforms) were launched to transmit the values of the new society. Socialization was revolutionary in its attempt to transform the culture of the nation in ways supportive of the immediate and the long-term goals of radical social change. Values such as collective spirit, *conciencia* (revolutionary consciousness or spirit), egalitarianism, self-sacrifice, patriotism, internationalism, and loyalty to Fidel Castro and the symbols of the Revolution would be functional to the state and the society then under construction. The new set of values would be the clay with which to form the "New Man," that being of glowing qualities of mind, body, and soul. The future generations would be cast in this mold, given that the leaders (and the official ideology, Marxism) viewed them as malleable. The older generations, set in their ways and partly responsible for Cuba's past problems, were viewed as being less easy to recast.

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[35] Giuliano (1998).

[36] Jennings and Niemi (1974).

From 1959 on, the Cuban state has had superlative expectations of the Cuban youth. The youth were to embody the ideals of the Revolution and to put their best foot forward and guide their behavior according to the precepts established by the *líder máximo* and state agencies. To this end, the state established a series of institutions and drafted a code of conduct for the young. The objectives were twofold: to foster the revolutionary personality and to develop "a labor force of great importance to the development of the country."[37] In Fidel Castro's words:

> In the conditions under [which] we live, because of the problems that our country is facing, we must inculcate our youth with the spirit of discipline, of struggle, of work. In my opinion, everything that tends to promote in our youth the strongest possible spirit, activities related in some way with the defense of the country, such as sports, must be promoted.[38]

According to Castro, a communist youth was expected to be a selfless individual and a martyr for the cause:

> [T]he Communist youth . . . will have to be willing to give his life for the Revolution and for his fatherland without vacillation. This is the essential condition of every Communist Youth.[39]

These ideal types would have to be consumed by the passion of nation, Revolution, and communism. The expectation rested on a fundamental contradiction: the archetypical communist youth would have the capacity for great sensibility (necessary to be in touch with the needs of others), yet he or she had to be numbed to his or her own needs, wants, desires, and individuality. Furthermore, as the state educated these youngsters, socialization was not the only thing occurring. At the same time, education, unwittingly, provided tools for questioning the tenets of the regime and the roles and rules placed on them.

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[37] Barreiro Valcarcel (1987, pp. 47–48).

[38] Castro, quoted in Young (1984, p. 3).

[39] Castro, quoted in Young (1984, p. 3).

Such contradictions are to be expected, because socialization of Cuban youth occurs through four channels: the family, the schools, the state-controlled mass organizations and media, and the informal sector. In the family and in the informal sector, personal exceptionalism, particularism, and affection[40] are the basis of personal relations. In the schools and the mass organizations, the fostering of affection toward the regime, the nation, and the collectivity above all is attempted. The informal sector, the non—state-controlled arena of daily life, has manifested resistance to state policies and has promoted the continuation of behavior, attitudes, and feelings that challenge those prescribed by socialist ethics. From day care to the university--the OPJM, the FEEM, the FEU, the UJC--and from neighborhood committees to work centers, official institutions of Cuban socialism attempt to socialize (and in so doing, control) the Cuban youth. The scope of the UJC's work goes beyond its membership as it penetrates the national youth though its activities and programs. Other youth organizations engage in voluntary work (such as the *Brigadas Estudiantiles de Trabajo*, or Student Work Brigades, which are part and parcel of the state's socialization effort). In 2000, the Elian case became a focal point of socialization and incorporation of Cuban youth into political activism, especially through the FEEM.[41] The government's concern with not losing the hearts and minds of the very young has led to the infantilization of propaganda, one dimension of a crusade called the Grand Battle of Ideas (*La Gran Batalla por las Ideas*).[42] As mentioned above, since the Elian affair, the *Mesas Redondas* (roundtable discussions or talk shows), the mobilizational politics of the *Tribunas Abiertas,* and the ideological impetus of *La Gran Batalla de Ideas* have been directed at middle-school-age students.

The Cuban state has emphasized the role of education in the development of society and individual personality. Schooling starts with

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[40] *Exceptionalism* and *particularism* are standards of judgment based on individual rather than universal criteria such as kinship.

[41] *Bohemia* (No. 2, 1994, p. 29).

[42] The Cuban government's campaign was aided, in turn, by the actions of the Cuban-American community in Miami and by the resistance by Elian's relatives in releasing the boy to the custody of his father.

the *Círculos Infantiles* (Day Care Centers). After day care, all elementary-school-age children are to join the *Pioneros* (Pioneers) and wear their distinctive red bandanna. High school and university students and other technical and vocational educational centers have their own mass organizations. The FEU, which brings together university students, has had a less active role than its predecessors.

However, the most important organization is the *Unión de Jóvenes Comunistas,* the youth arm of the Communist Party of Cuba. In the early 1990s, the UJC had almost 1.5 million members, or about 25 percent of the youth. Youths are also expected to participate in a host of other mass organizations, such as the *Comites de Defensa de la Revolucion* (Committees for the Defense of the Revolution, neighborhood watch committees) and the *Ejercito Juvenil del Trabajo* (Youth Labor Army), whose purpose is to assist in production in key sectors of the economy.

All these institutions try to mold youngsters according to the ideals of a perfect communist. The emphasis is on respect, obedience, hard work, and collective over individual satisfaction. The expectation was that, with time and as a result of this socialization process, the New Man and the New Woman would emerge. Socialism would produce the perfect human being.

The process of socialization and the institutions in charge of it have one main purpose: to inculcate values, patterns of conduct, and emotions supportive of the regime. However, the dynamics of socialization have been neither smooth nor uninterrupted, nor have they been without unexpected consequences and shifts. On the contrary, the socialization story is one of mixed results, of accommodation and resistance, and of unfulfilled expectations.

One of the consequences of state socialization is that, in the spaces provided, the youth form networks of friends that generate horizontal solidarity, below and outside the state's purview. In them, not infrequently, the youth engage in activities contrary to state dogma. The result is a subversion of the state's objective. Through networks of friends, what emerge are alternative practices, identities, and feelings that challenge the official socialization. The genesis of

human-rights groups and the independent artists associations is to be found in small circles of trusted friends.[43]

The agencies of state socialization also serve the young as a check on reality. *Los jóvenes* are able to judge whether those organizations live up to their mandates. If goals and accomplishments do not coincide, the young experience the resulting dissonance. For example, the purpose of the *escuelas al campo* is to help students to value agricultural work while working in the fields. Participants provide an alternative account. According to them, *la escuela al campo* is *"un relajo, un choteo"* (a joke), where the young do the least possible amount of work and the most partying possible.[44] Inefficiency is rampant, and disrespect for farm work is common. What students learn is how to get around state directives and how to resist directives covertly. The lessons of *la escuela al campo* in practice are not what the state expected. Much to the contrary, they slowly erode the government's legitimacy and generate disdain for the state.

When the youth experience irreconcilable contradictions between norms handed down to them (what ought to be) and praxis (what is) oversocialization may occur. *Oversocialization* is "the realization by a socialized individual of the gap between reality and ideals and a consequent refusal to regard reality as acceptable."[45] Oversocialization may result in desocialization and, eventually, in resocialization. Oversocialization and desocialization may take place in every type of political system, especially in moments of crises (such as during the Vietnam War in the United States). However, maximalist states are particularly prone to the oversocialization and desocialization of individuals. The more the state promises and the higher the expectations of the citizens, the greater is the likelihood for those aspirations and expectations not to materialize. The resulting performance gap leads to oversocialization and desocialization.

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[43] Fernández (2000).

[44] Personal interview (Florida International University, Miami, Florida, December 4, 2002).

[45] Chan (1985, p. 190).

Together, political, economic, and moral factors undermine socialization. For instance, economic limitations, combined with high expectations, foment discontent with and questioning of the political system. For youth, reduced socioeconomic opportunities and continued sacrifice in daily life throughout the 1980s and 1990s have put to the test the performance vis-à-vis the promise of the system. Thus, economic scarcity is not the sole cause of desocialization, but only a contributing factor. The root cause is deeper: the normative frameworks of the regime in theory and its instrumental procedures in practice, and the clash between the two.

A former UJC leader of the elite Lenin Vocational school in Havana (in exile in Miami since 2001) confided that what was most disturbing to her and her cohort was the *doble moral,* the clash between public and private morality, between political rhetoric and everyday life in Cuba. According to her, the realization that the two were at odds occurred at the end of the middle-school years and the beginning of high school.[46] The youth, through their own existential sorting out of ends and means, and idealism and pragmatism, as well as their personal struggle for identity and meaning, find the dissonance difficult--if not impossible--to reconcile. Constrained by the need to toe the party line, many either go through the motions of what is officially expected or disassociate from the official institutions (they drop out, they make ends meet in the black market, they engage in marginal activities and crime).[47]

Disaffection with politics within the youth is as common as desocialization. Official Cuban sources point to one-third of the young as having considered leaving the island and to the insufficiencies of the formal youth organizations. Through the references available in the island's media, one can calculate that a significant percentage (perhaps as much as 50 percent) of UJC members decline to join the party when they reach the proper age.[48] The National Assembly recognized a grave

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[46] Personal interview (Florida International University, Miami, Florida, December 4, 2002).

[47] Personal interview (Florida International University, Miami, Florida, December 4, 2002).

[48] Más (2001a).

"moral crisis" among *los jóvenes.*[49] The Catholic Church has echoed the sentiment.[50]

The informal sphere attracts those who are disenchanted with the state, its official ideology, and the social spaces controlled by the party, mass organizations, and the state bureaucracy. The informal sphere includes expanding the margins of the permissible within official institutions by carefully subverting the official codes of conduct. Young artists, painters, and filmmakers in particular have been practicing such "subversion" in Cuba since 1959, but especially since the 1980s.[51] The youth are yearning for genuine, sincere, immediate, and pristine values. Rather than finding those values in the official social sphere, youth are discovering that those values are to be found in the informal sphere--among friends--and in the affection experienced among families and *socios* (buddies).

A Political Portrait of Intragenerational Cleavages

Turning from the social to the political, the young can be divided into three broad groups vis-à-vis the regime:

- Loyalists
- In-betweens
- Opponents.

It is not possible to calculate the relative size of these groups, although educated speculation on the basis of interviews and a close monitoring of the Cuban scene would lead one to conclude that the bulk of the Cuban youth straddle the second and third groups.

The Loyalists

The loyalists support the praxis of the regime by upholding radical nationalism, anti—U.S. positions, and a strict interpretation of socialism. It would not be surprising to find fervent supporters adopting *la doble moral,* however. Whether they resort to dual sets of codes out of opportunism or lack of conviction is impossible to

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[49] Pérez-Stable (1999, p. 197).

[50] See *Vitral*, a Catholic journal edited by Dagoberto Valdés Hernández and sponsored by the Bishop of Pinar del Rio, Cuba.

[51] Bobes (2000).

determine because no data are available. What is clear, though, is that the loyalists' position is not hurt by keeping the status quo. Even under changed political circumstances, the loyalists can count on access to resources (such as network capital, experience, economic privileges) that can place them in advantageous positions for the transition.

The loyalists occupy the most favorable economic and political posts in the Party, the state, the military, and the dollar economy. Even in the context of economic crisis, they have been able to carve out a space of security and benefit in positions with access to foreign currency (e.g., in tourism and joint-venture enterprises). They are also the ones who are most likely to travel abroad. If a political rupture occurred during the transition, loyalists have networks, experience, and other sources of social and material capital that would place them in favorable positions in a post-Castro Cuba. It would not be at all surprising if the loyalists of today become the reformers of tomorrow (following the model of the *apparatchik* in the former socialist countries).

If the regime succeeds itself (that is, if there is little change in leadership after Fidel Castro), the high-ranking leaders are likely to come from the current loyalists. Strong supporters are overrepresented in the military and security forces——the Ministry of the Revolutionary Armed Forces (*Ministerio de las Fuerzas Armadas* Revolucionarias, or MINFAR) and the Ministry of the Interior (*Ministerio del Interior,* or MINIT). This situation may pose a serious problem if political conflict ensues between loyalists and those who are not. The loyalists have the most vested in the political system; consequently, they are the most likely to be strong defenders of the status quo, at least until the opportunity arrives for alternatives that can also promote their own self-interests to be expressed and pursued. As did their counterparts in the former socialist bloc, they will follow wherever their self-interest takes them, which, given their privileged stature, could be well served even in transition.

The In-Betweens

The in-betweens have a more nuanced, ambiguous, and troubled relationship with the current government and with the political system in general. This group questions official policy and pronouncements, not only because of the gap between words and deeds in Cuban socialism, but also because they have been hard hit by the economic crisis of the 1990s. Like the vast majority of the young, they have seen their opportunities fade after the demise of the Union of Soviet Socialist Republics (USSR). Social mobility has come to a standstill for those who want to proceed within the legally established parameters. As a result, their economic station does not correspond to their expectations or to their educational level. Employment, education, and opportunities have been reduced, as have housing and access to material necessities. This group is likely to support the socialist welfare agenda (especially health and education), but it is likely to desire additional economic liberalization and political reforms (in terms of greater representation, authentic participation, and efficiency in the political system).

The in-between cohort is unlikely to be able to articulate a clear roadmap or formulate a fleshed-out political alternative at this time with or without political organization. At least one observer has argued that this group tends to value individualism more so than do ardent supporters of the government.[52] Given the chance, this group would migrate or would find space in an emerging free-enterprise system. One can infer, from field observations, anecdotal cases, and recent migration, that a segment of the young intelligentsia and a portion of middle-level officials fit in this intermediate group.

The Opponents

The opponents are not necessarily part of an organized group with a political platform, although dissident youth have joined and have formed a number of independent organizations. On the contrary, this group is a varied and disconnected mass of *jóvenes* who tend to reject the language and practice of Cuban socialism in a variety of ways, from legal to

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[52] Domínguez García (1998, p. 242).

illegal, from civil to uncivil. This group is not composed exclusively of criminals or proto-criminals, as some Cuban sociologists claim.[53] The most disaffected youths have found social alternatives to the official institutions and dogmas of the regime. The growth in attendance at religious services and the mushrooming of the informal economy are evidence of this trend.[54] Many have expressed their resistance informally in myriad ways.[55] A small but growing minority has joined human-rights and dissident organizations.

Whereas most of the in-betweens, if granted the opportunity, would opt to leave the island, the opponents group is the most likely to form the social base for spontaneous mass riots such as those that occurred in the Malecón in 1994. Their political proclivities, largely born out of frustration with economic conditions and the restrictive political structures of Cuban socialism, indicate that they have little to lose and, therefore, could risk participating in such actions. This statement is particularly applicable to youth who reside in highly concentrated urban centers, such as *Centro Habana* and *La Habana Vieja,* many of whom are dissocialized and make their livings in the informal sphere.

Race, Class, and Ideology: Diversity and Fissures in State-Youth Relations

Although *Granma* has proclaimed triumphantly, "There is no generational rupture, rather harmonious historical continuity" among Cubans, many issues of contention can be found in the politics of youth on the island, not the least of which revolve around race, class, and ideology.[56]

Race: Youth Racial Politics

The economic crisis of the 1990s affected blacks disproportionately because they were less likely than white Cubans to have family members outside the island and, therefore, were less likely to receive *remesas* (remittances) at a time when the socialist safety net was frayed. Among

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[53] Domínguez García (1998).

[54] Pérez-López (1995); Henken (2002).

[55] Fernández (2000).

[56] *Granma Internacional Digital* (January 30, 2002)

young blacks, the response against the racialization of inequality has sparked assertiveness, at least in attitudes if not in political behavior. A recent study of the *Centro de Antropología of the Ministerio de Ciencia, Tecnología y Medio Ambiente* (The Center for Anthropology of the Ministry of Science, Technology and Environment) concluded that the black population lives in worse conditions, receives fewer remittances from abroad, and occupies lower rungs in the economy than do whites.[57]

Racial politics among Cuban youth reveal some differences that set them apart from older Cubans of all races. Summarizing a survey of racial attitudes conducted in 1994, de la Fuente notes that, although the vast majority of respondents opposed the idea of creating an all-black organization, 16 percent of the younger black respondents considered it necessary.[58] Only 18 percent of young blacks (those less than 40 years of age) compared with 51.9 percent of older blacks believed that Cuban-Americans are racist.[59]

The presence of blacks in the dissident movement and in the emerging civil society throughout the country is noteworthy. Although the most prominent black leaders in the movement are not "young," their presence reflects a growing chasm between the state and one of the social pillars of support. Black dissident leaders, such as Vladimiro Roca, Felix Bonne Carcasses, and Humberto Colas (the youngest of the three, in exile since 2002) provide role models for other, disaffected younger blacks.

Combined, racial and youth politics are potentially explosive in a society that is experiencing socioeconomic and political friction. The development of black consciousness, especially among younger Cubans, is occurring at a juncture when the state is losing control over society, informalization is on the rise, and economic inequality is increasing. Latent racism and the lack of black representation in the top positions of power (i.e., FAR, PCC, National Assembly) do not escape the black youth. Social discrimination against blacks has continued despite legal equality. The government is responsible in part for the reproduction of

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[57] *El Nuevo Herald* (November 3, 2002, pp. 1–2).

[58] de la Fuente (2001, p. 332).

[59] de la Fuente (2001, p. 331).

racist attitudes as evidenced by reports of racial profiling, especially of the young (see the later subsection "Ideology: The Young Intelligentsia"), and by implementing a policy whereby policemen from the more predominantly Afro-Cuban province of Oriente (known as *palestinos* because of their dark skin and, seemingly, foreign appearance) patrol the streets of Havana, because they had no ties to the local population, including blacks.

Class in a "Classless Society": Growing Inequality, Foreclosed Opportunities

Economic scarcity, especially of food, is the single most-important daily preoccupation for Cubans of all ages. But for the young, other material preoccupations also take center stage: employment, clothing, entertainment, travel, and housing. As mentioned above, since the late 1980s the youth in Cuba have seen their opportunities for employment, social mobility, and consumption largely foreclosed. The rise of unemployment and class differences has added fuel to the fire. Loyalists have been rewarded with the best jobs in the tourist and joint-venture sectors, which explains the growing membership of the UJC after years of decline and the latent conflict between loyalists and nonloyalists. Growing income and class inequalities undermine the rhetoric of social equality on which the regime has stood since its advent, and they exacerbate the gap between theory and practice in Cuban socialism.

Confronted with limited economic alternatives (and the regime's unwillingness to implement economic reforms), the young have to choose between migration (which is out of reach for most), polishing their revolutionary credentials (in the hope of getting one of the plum jobs available), or joining the ranks of the informal entrepreneurs. Whatever course of action individuals take in this context, resentment over class differences and material accumulation, whether garnered through legal or illegal means, can become a political issue for loyalists and nonloyalists alike.

Ideology: The Young Intelligentsia

Young Cuban intellectuals and artists, whether in the visual arts (such as Arte Calle and Proyecto Castillo de la Fuerza in the early

1980s) or in music (such as Carlos Varela and rap groups proliferating since the 1990s), have assumed openly critical postures that are unusual in the island country. Groups of young artists since the 1980s have pushed the limit of self-expression by denouncing official censorship, police abuse, racism and racial profiling, the economy of scarcity, and tourism apartheid, among other social ills. They have asked for greater space for artistic freedom and for a redefinition of the relationship between the individual and the state--to little avail. They have formed, with different degrees of success, a number of alternative associations.[60]

In the most recent expression of this phenomenon, groups of rappers have voiced biting critiques, assuming a social realist discourse that has broken with the symbolic and metaphorical language of past performers and creative agents. The *Festival Nacional del Rap* (National Festival of Rap) held in mid-August 2002 in Havana is a case in point.

The festival, which attracted several thousand to the amphitheater at Alamar, showcased rap lyrics that directly condemned official state practices, such as police harassment of youngsters--particularly blacks and hip-hoppers: "My color brings you every day . . . at all hours, the same persecution" sang two black rappers. "Policeman, policeman you are not my friend, for the Cuban youth you are the worst nightmare. . . . You are the delinquent. . . . I detest you, crazy."[61]

CHALLENGES TO SOCIALIZATION AND GOVERNANCE: PRESENT AND FUTURE

The young both accommodate themselves to and resist governmental demands. They evade agricultural work, voluntary service, and meetings of the CDRs. They skip school, drop out of school, and dodge the draft. Criminality has increased among youth, particularly during the economic crisis of the 1990s. In the poorer neighborhoods, the situation is critical. A study showed that 54 percent of 31 minors interviewed had behavioral problems, and 38 percent had attended a reeducation center.[62]

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[60] Bobes (2000).

[61] *El Nuevo Herald* (August 17, 2002).

[62] *Moncada* (May 1987, pp. 42–43).

Dissimulation is another more benign and widespread form of resistance, (i.e., *la doble moral*), as was mentioned above.

Manifestations of the challenge posed by youth to official socialization are to be found in multiple behaviors:

- Religious practice (The Catholic and Protestant churches have experienced a regeneration of its faithful.)
- Participation in the black market and illegal economic transactions
- Illegal and legal exit from the country
- Drug and alcohol abuse
- *Jineterismo*
- Assorted modalities of criminality and anti-institutionalism
- Dropping out of school.

Resistance to the official ideology, its codes, and its expected behavior is seen in attitudes and in linguistic, material, graphic, and ideational forms, from the music of choice to fashion, from tattoos to relations with tourists, from academic fraud to graffiti.

In the early 1990s, crimes perpetrated by young Cubans increased. The majority of victims of homicides were between the ages of 26 and 35.[63] Drug use escalated as well.[64] The situation is so serious that the government and the UJC have conducted several campaigns to prevent crime and antisocial conduct.[65]

Criminality is not only national, it is international, revolving around tourist centers and, at times, is associated with drug networks.[66] The emergence of such criminal associations foreshadows what may come after Castro: Mafia-style transnational operations. On a different scale, youth organizations and teachers' associations have tried for decades to combat academic misconduct and the pervasiveness of fraud--to no avail. Fraud has a corrosive effect, not only on academic institutions but also on social life in general.[67] Honesty seems no

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[63] *El Nuevo Herald* (April 9, 1995, p. 1B).

[64] *El Nuevo Herald* (January 29, 2003, p. 19A).

[65] *El Nuevo Herald* (January 29, 2003, p. 19A); *FBIS–LAT* (January 18, 1994, p. 13); *Granma Internacional Digital* (December 3, 1998).

[66] *El Nuevo Herald* (January 29, 2003, p. 19A); *FBIS–LAT* (January 18, 1994, p. 13); *Granma Internacional Digital* (December 3, 1998).

longer to be a cherished value among the young.[68] Combined, these attitudes and behaviors point to a crisis of values among Cuban youth, reminiscent of what occurred post-transition in Eastern European countries and the former USSR.

FUTURE CHALLENGES

The profile of Cuban youth, the history of state-youth relations since 1959, the dynamics of sociopolitical behavior and attitudes, and the pattern of desocialization presented above suggest that any future regime in Cuba, regardless of ideological stripe, will confront a series of challenges emanating from the values and actions of *los jóvenes.*

Political Challenges

The major challenge confronting the current government, and one that is likely to play out in the future, revolves around values. Exhaustion with the heavy-handedness of state socialization in its myriad guises (schools, *Tribunas Abiertas,* mass organizations, voluntary work campaigns) has resulted in a generalized rejection of politics. Cuban youth, as well as their elders, want to be free from politics. Throughout the globe, political apathy is widespread. With few exceptions (e.g., the anti-globalization movement), youth participation in civil and political society is on the wane, part and parcel of the decline of social capital across the world.

For Cuba, decades of coerced participation in a hyperpoliticized environment in which institutions are not representative or efficacious accentuate the trend. Political exhaustion is widespread at present, and it is likely to be manifesting itself in post-transition Cuba even in a democratic context, with ample space for voluntary organizations and competitive parties.

Los jóvenes cubanos will tend to reject collective participation in formal political organizations, as did their counterparts in post-transition societies throughout Eastern Europe (especially Russia) and will prefer to pursue private interests (material well-being, spiritual

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[67] Calzadilla Rodríguez (2002).

[68] Bobes (2000, p. 242).

happiness, self-expression) rather than public ones. This preference will present a serious problem for collective action. Those who will tend to engage in political action are those with political experience, particularly those in leadership positions under the current regime, who are presumably committed to sustaining socialism out of conviction and/or personal interest.[69] The other segment that is likely to be active in post-transition politics is the opposition. The dangerous polarization implied in this scenario is not inevitable. Middle-of-the-road reformists could bridge the extremes.

Yet, the question remains, how does a society build a democracy without popular participation, without a vibrant civil society? This is a standard phrase in the literature on social movements, meaning the reduction of costs associated in political participation. Although changing the structures of opportunity for independent organizations will go a long way to nurture an arena in which autonomous participation and pluralism will prosper (such as has occurred post-transition in a number of Latin American and Eastern European countries), the widespread rejection of politics and the dismissal of collective action born of mistrust, exhaustion, inefficacy, and the exigencies of material demands conspire against grassroots involvement.

Some bright spots are apparent, however. Throughout the Latin American region, civil society has flourished and has waged important battles (for example, against corruption). The experience of other countries may serve as an example for civil society on the island. International nongovernmental organizations (NGOs) also seem committed to engage in Cuba. The island's opposition has adopted a civil discourse that lays a foundation for peaceful change and democratic practice. Moreover, Cubans enjoy a number of characteristics and experiences that might support political engagement, not the least of which are education, considerable past experience in politics (even if regimented), and the long-repressed demand for political reform.

Distrust of political institutions is not exclusive to Cubans. As with all post-transition cases, crafting a political system will require

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[69] For a comparative perspective, see Roberts et al. (2000).

addressing issues of participation, efficacy, and social trust. Addressing such issues is onerous but essential in the construction of democracy and civil society.

The rejection of politics also entails the repudiation of traditional national symbols, such as José Martí, the founding father of Cuba's War of Independence in 1895. To what symbols and myths would a new government turn to garner the population's imagination and goodwill? What new social pact can it package to muster support among generations that are not willing to listen and even less inclined to believe? How does the government address such issues as anti-political values when the methods at its disposable are precisely the ones that have been rejected? How can a political society reconstitute itself if participation is perceived as meaningless? What type of civil society can emerge in a context in which appropriate social capital to engage in collective cooperation is absent?

Political fragmentation among generations and within the younger generations will render politics difficult to manage. Fidel Castro's ability to contain factionalism, which in turn has sustained elite cohesion, will no longer be present, while the divergent and fractious politics based on ideological proclivities, past allegiances, and contending interests will make consensus on key policy directives problematic. Where consensus is likely (for instance, in the provision of free education and health services), economic reality will not facilitate it. Although majority segments of youth will likely support economic openness and insertion into the global economy because they are better educated and, hence, more likely than the more poorly educated to gain from this change, the playing field will not be level and benefits will not be accrued equitably. Political opportunities for Party loyalists under the present system will place those loyalists in advantageous positions, reducing sources of mobility for others and generating resentment.

Cuban politics in the future will be in no small measure defined by the relationship of individuals to the communist past. The government continues to recruit youngsters into its mass organizations; these youngsters could be the best and the brightest. Who is to tell how their

acceptance of official dogma will be perceived by their peers in a post-Castro era? Their successes today might be interpreted as complicity with a repressive regime and thus as moral failure later, in the process tarnishing an entire generation of potential leaders.

Finally, the use of public office for private gain, the essence of corruption, is likely to be reinforced post-succession by both younger and older generations. Corruption, endemic to pre-revolutionary society, did not entirely disappear after 1959. It is likely to be the phoenix of Cuban history.

Social Challenges

The greatest challenge for a post-Castro Cuba is not the official socialization under the guidelines of Marxism-Leninism or *Martianismo*--the ideology based on José Martí's thought (with a heavy dosage of *Fidelismo*). On the contrary, the potentially most problematic sector of the youth population is the desocialized, who will tend to discard any transmitted ideology and will be accustomed to breaking the law on a daily basis. The potentially explosive segment is not the one that attends selective communist schools and is integrated, but the segment that rejects all, the marginal ones who are *desvinculados* and have little to lose. The latter will be less able to compete in the labor market and to fit into society; they will be most likely to continue the pattern of rule breaking well into the future because they might not have the political culture, opportunities, skills, or connections necessary to succeed in the formal economy. A not-small percentage among them will be the criminals of tomorrow.

The dissocialized youth will pose the most serious social challenge. Reining in the cultural penchant toward informality, with its characteristic illegality and instrumentalism in which the ends justify the means, will be a daunting exercise. Generations well trained in the informal sphere of social life and who have relied on networks of *socios* to get their needs met could easily become criminal entrepreneurs and participants in Mafia-style groups, their national and transnational networks spreading corruption throughout Cuban society. The young, rich in informal-network capital, will be active agents in the process.

Changing the sociopolitical attitudes and values of younger Cubans will be a Sisyphean task. Political apathy, pent-up demand for individual consumption, rising criminality, and drug use in tandem with a generalized devil-may-care attitude (especially apparent in urban centers and reflected in the vulgarization of daily language and petty forms of fraud) will inject a dose of incivility that will mar Cuban society. Teacher organizations and government officials have remarked on the "degradation" of manners and language among the youth. The *Seminario Nacional de Educadores* (the National Seminar for Educators) concluded that the phenomenon reveals a lack of education and civility. The widespread *chabacanería* (shoddiness) accompanying it is a product of *la acumulación de insuficiencia en al aprendizaje* (the accumulation of deficiencies in the learning process).[70]

The problem of desocialization seems insoluble. Changing the structure of opportunities to provide incentives for political, social, and economic participation will help, but it does not eradicate the "negative tendencies" (which even Fidel Castro has pointed out). No other solution seems ready made. For one, the young have tuned out government propaganda and, as a result, are unlikely to pay heed to official campaigns that try to instill civic values. For another, civic education has proven to be of marginal success the world over, especially after elementary school.

Economic Challenges

Although expectations might have been reduced after years of economic crisis, there is still unsatisfied demand for consumer goods, labor insertion, and social mobility. Young Cubans want to be fully modern economic citizens, with material opportunities matching their educational profile and their needs and wants. Meeting these expectations in the likely context of an empty treasury will be, simply put, impossible. Such is the case of the demand for housing among the young. No new government will be able to fulfill it. How will a new government muster and sustain popular goodwill if it is unable to

[70] *Bohemia* (January 11, 2002).

deliver materially? Without economic citizenship, political citizenship will be harder to form. Social peace will be as elusive.

Labor-market insertion of the young is one of the priorities any post-Castro government will have to confront, because labor supply in most sectors of the economy exceeds demand. The Cuban economy has been unable to incorporate new workers entering the labor force; unemployment and underemployment have jumped. Although economic spheres such as tourism and biotechnology have shown growth, structural limitations reduce their potential. Development in these spheres has produced increasing differentiation and inequality within the youth; other economic sectors have not kept pace with the remuneration or the working conditions provided by these two sectors.[71] The other sector that experienced expansion in the early 1990s was the self-employed, but the ranks of the self-employed have shrunk since the late 1990s.[72] The agricultural and fishery sectors grew modestly, but they did not meet expectations. The recently announced closures of sugar mills underscores the poor prospects for the sugar industry at large. As the formal economy declined, the informal economy drew in the youth and the population in general. Emerging class differences foreshadow cleavages and potential social conflict in the future.

No future government will be able to guarantee full employment (neither has the current one) and will have to confront a highly educated labor force with limited opportunities--a combustible combination.[73] One of the sadly positive aspects of youth's adaptation to the market reality of the 1990s is that perhaps a readjustment of expectations has occurred, which could serve a new government well. Unemployment among females, already higher than that of male cohorts, is likely to be especially difficult to address in the future.[74] In the former Soviet Union and the communist countries of Eastern Europe, the economic differences between genders have been maintained rather than dissolved.[75]

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[71] Mesa-Lago (2003).

[72] Henken (2002).

[73] *Bohemia* (2001, p. 33).

[74] *Bohemia* (2001, p. 33).

[75] Roberts et al. (2000).

What will the future bring for Cuba's young professionals? Even if many are incorporated into the national economy, the surplus of highly educated individuals in key sectors and the regional patterns of brain drain will not make Cuba an exception among Third World countries, which export or lose their most-qualified workers, and many of their lesser-qualified ones as well. This pattern has already begun. Young professionals, especially those in the sciences and in engineering, have been tempted and will continue to be tempted by better possibilities abroad. Even less technically skilled workers will also resort to migration to secure economic betterment.

CONCLUSION

Cuban society has changed while the political system has remained mostly intact, increasing the gap between the state and its population, which is wider today than at any other point since 1959. The gap between state and society is evidenced by the limits of official socialization and the resulting rise of informality and rule breaking among the young. Indeed, since the 1980s, Cuban socialism has been undergoing a process of social "informalization." This is a process by which individuals evade official, formal institutions by resorting to networks of friends and kin to deal with their daily needs (usually associated with illegality), in the face of which formal institutions seem helpless. The youth have been leading protagonists in the process of informalization, creating alternative sources of socialization and expression, generating conflicting messages and identities, and forging networks for economic survival through which they construct a universe that continually runs counter to the official one. The young are the most likely to disclose the hidden agenda that Cuban society yearns for and, as such, they occupy a privileged and politically charged position. Through them, one detects a paradox of social control in Cuba: The youth are controlled and yet out of control. The greater the attempt by the state to control them, the more (informal) resistance they exert.

A post-Castro government will be confronted by a host of immediate and long-term problems in relation to youth: political apathy, migration, brain drain, pent-up demands for economic goods, rising

inequality, potential class conflict (which overlaps racial tension), prostitution, increased drop-out rates, and criminality (including drug consumption, which could easily put Cuba at the center of a transnational phenomenon).

As pressing a problem will be the need to redefine Cuba's social vision in terms of a new foundational myth that the youth will accept and, in so doing, will help legitimize the new government as it reconstructs the basis of the post-revolutionary national community. Given that youth are tired of propaganda, those attempting to carry out such a task are likely to encounter resistance among skeptical, if not incredulous, youth. Order and progress will require formulating a social pact that will offer hope for material well-being based on individual effort and yet provide a modicum of social welfare for the population at large. Without economic deliverables, political citizenship and civil harmony will be difficult to sustain, particularly in a democratic context. Perhaps the most daunting task will be dealing with the desocialized young. Informality, petty fraud, opportunism, lawlessness, and anti-institutionalism seem to be here to stay, at least for a while.

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APPENDIX C

CUBA'S DEMOGRAPHIC FUTURE AND ITS IMPLICATIONS

By Kevin F. McCarthy

BACKGROUND

In the four and a half decades since its Revolution, Cuba's social, economic, and political course has largely been set by its supreme leader, Fidel Castro. Although seemingly indestructible to friend and foe alike, Castro is 77 years old (as of August 2003), and his departure, although perhaps not imminent, is certainly foreseeable. Indeed, speculation abounds as to what Cuba will look like after his departure.

Such speculation has largely focused on a variety of political, economic, and social factors that have or are expected to play an important role in shaping Cuba's future. Political analysts, for example, speculate not only as to Castro's immediate successor but, just as important, about the role the communist party and the Cuban Armed Forces (the FAR) will play in the post-Castro period as well as which factions within those institutions might assume ascendancy. Others have emphasized Cuba's economic situation, particularly the problems with which Cuba has struggled during the so-called Special Period that began after the collapse of the Soviet Union and the withdrawal of Soviet bloc economic assistance. They have pointed, in particular, to the modest, but nonetheless striking, liberalization of the Cuban economy during this period and wondered whether it will expand (as reformists within the regime would apparently prefer) or whether it will amount to nothing more than a stopgap required to weather this difficult period (as the hard-liners would prefer.) Still others look to the United States and wonder how future U.S. policy (with regard to economic sanctions and future trade and investments) as well as changes in the Cuban-American community will affect developments in the post-Castro period. Finally, there are those who point to social changes within Cuba itself (disillusionment with the Revolution and its failure to improve living

conditions, an apparent increase in inequality within Cuba, and a possible collapse of Cuba's internal security apparatus after Castro's demise) as major factors likely to shape Cuba's future.

Although all of these factors will be relevant to Cuba after Castro, their influence will be conditioned by a series of profound structural pressures that are driven by Cuba's current demographic structure. Although these pressures are only just beginning to be felt, they will almost certainly pose a serious problem for whatever regime succeeds Castro. The root of these problems lies in Cuba's demographic structure, which resembles much more closely the slow-growing and aging populations of the developed world, rather than the countries that share Cuba's levels of income and economic development. Specifically, an inevitable combination of negligible population growth (including slow growth in the size of the labor force) and a rising elderly population will force Cuba to make difficult choices in deciding how to allocate its scarce resources between social needs (education, health care, and income security for pensioners) and economic growth. This choice is not only ironic but will be particularly stressful because it may well entail a diversion of resources from the provision of social services--the one area in which the Revolution has had its greatest success. Furthermore, the impact of these likely changes in resource allocation, will, in all likelihood, be felt unevenly across Cuba--indeed, their effects are likely to be felt most severely among the lowest-income and black populations and in the least-developed eastern region of Cuba. How future regimes deal with these pressures and how the Cuban public responds to whatever policies are adopted will play a critical role in Cuba's post-Castro future.

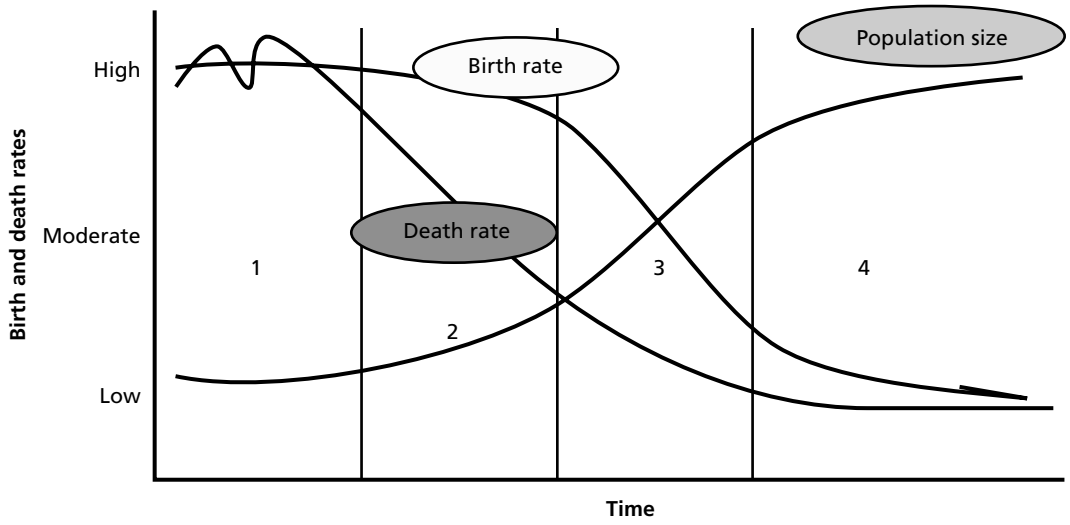
PURPOSE AND OUTLINE

The purpose of this appendix is to describe Cuba's current and future demographic structure and discuss its implications for Cuba's social, economic, and political future. I begin by outlining the Theory of the Demographic Transition--the model demographers use to describe historical patterns of population growth. I then use this model to place Cuba's demographic history in perspective and suggest what Cuba's

demographic future will look like. I then discuss Cuba's age structure the single most important characteristic of a country's population structure for understanding demography's economic, social, and political effects. I also present information on the geographic distribution of Cuba's population. Finally, I review the implications of Cuba's demographic structure for its future.

CUBA AND THE DEMOGRAPHIC TRANSITION

Demographers characterize historical patterns of population growth in terms of the "demographic transition." The demographic transition provides an empirical description of the historic pattern of population growth in terms of an ordered sequence of changes in death and birth rates and how their interaction produces population growth. The theory recognizes that throughout most of human history both birth and death rates were high and population growth as a result was sporadic--rising when death rates dropped and then stalling or declining when they rose. Sustained population growth begins when the rough equilibrium between high fertility and mortality rates is broken by a sustained decline in mortality rates. Growth ends when the equilibrium between fertility and mortality is reestablished at low levels. The extent and speed of overall growth is determined by how long this process takes and how quickly the decline in mortality is mirrored by a decline in fertility. In brief form, the demographic transition begins in stage 1 (see the following figure), where both birth and death rates are at high levels and in rough equilibrium. In stage 2, death rates begin a process of sustained decline. Because this drop in death rates is not synchronized with a decline in birth rates, the population begins to grow. Eventually, however, birth rates also begin a long-term decline. This initial decline in fertility, however, does not halt population growth because the total number of births in a society is a product not just of fertility behavior, but also of a country's age structure--specifically, the number of women in the childbearing years.



Model of Demographic Transition

With a disproportionate share of the population in the childbearing years, the population will continue to grow because the age structure is still conducive to a large number of births. Indeed, it is not until the effects of sustained low fertility work their way through the age structure that the total number of births reaches low levels. This phenomenon is often referred to as the "momentum of population growth," and it is not until that momentum disappears that a population enters stage 4 and growth slows as birth and death rates reach a new equilibrium at low levels.

Using the demographic transition as a guide, one can assess Cuba's position in this sequence by examining its historical pattern of population change. The Cuban Office of National Statistics provides a summary of changes in the island's population from the late 1700s until the present as well as projections of total population through 2015.[1] These statistics are listed in Table C.1. In addition to the total

[1] The data in Table C.1 contain estimates of Cuba's population at various census dates until 1981 and estimates of the year-end population from 1950 to the present. They also project the country's population through 2015. These estimates differ only marginally from those listed in the U.S. Bureau of the Census's *World Population Profile.*

Table C.1
Population Growth in Cuba: 1827 to 2015

Year	Total (in thousands)	Percent Change	Annual Rate of Growth
1827	704	n/a	n/a
1841	1,008	43.18	3.1
1861	1,366	35.52	1.8
1877	1,509	10.47	0.7
1887	1,609	6.63	0.7
1907	2,048	27.28	1.4
1919	2,889	41.06	3.4
1931	3,962	37.14	3.1
1943	4,778	20.60	1.7
1953	5,829	22.00	2.2
1965	7,907	35.65	3.0
1975	9,365	18.44	1.8
1985	10,152	8.40	0.8
1990	10,694	5.34	1.1
1995	11,038	3.22	0.6
2000	11,217	1.62	0.3
2005	11,403	1.66	0.3
2010	11,560	1.38	0.3
2015	11,686	1.09	0.2

Source: Office of National Statistics (2001, Table II-1).

population figures, the table lists the percentage change between the various dates and an arithmetic approximation to the annual rate of change during those periods.

As these data demonstrate, the growth of Cuba's population varied considerably during the 1800s, ranging from an annual rate of more than 3 percent to a low of less than 1 percent. This pattern suggests that Cuba was still at an early stage of the transition during this period. Between the turn of the last century and the Revolution in 1959, Cuba appears to have progressed to stage 2 as it experienced sustained and rapid growth—often averaging more than 3 percent per year.

Since the Revolution, however, growth has slowed considerably and the country appears to have transitioned from stage 3 to stage 4. The growth rate slowed from 3 percent per year in the five years following the Revolution and declined to about 1 percent between 1985 and 1990. More recently, Cuba's population is growing very slowly--about 0.3 percent per year. Moreover, this growth rate is expected to slow even further during the next 15 years, indicating that Cuba will have basically completed the transition.

Further evidence of Cuba's transition is provided in Table C.2, which compares the pattern of population growth in Cuba since 1950 with comparable patterns in developed countries, less-developed countries, and Latin America and the Caribbean as a whole. During the 1950s and 1960s, Cuba's growth rate was approximately twice that of the developed countries but substantially behind that of the less-developed countries as a whole (which are primarily still in the early stages of the transition) and even further behind that of the rest of Latin America and the Caribbean. Between the 1970s and 2000, however, Cuba's growth pattern converged with that of the developed world--a pattern that is expected to continue for the next 25 years. Although growth rates in the less-developed world as a whole are expected to decline, they will continue to be quite rapid for at least the next 25 years. In Latin America and the Caribbean, growth rates will slow but remain moderate for the foreseeable future as this region continues to experience the momentum of growth due to its age structure.

A country's growth rate is, of course, a byproduct of its fertility and mortality rates and its age structure.[2] Indeed, as discussed above, a country's position in the demographic transition is determined by these three components of its demographic structure rather than the overall growth rate per se. Correspondingly, Table C.3 compares current crude birth, death, and natural population increase rates for Cuba with

[2] Immigration is, of course, an additional factor that affects a country's rate of growth, but for the purposes of our analysis here, we ignore immigration's role. Although Cuba has experienced dramatic outflows of emigrants at specific times, e.g. the Mariel Bay exodus in the 1980s, by and large immigration has not played a significant role in Cuba's recent history (Donate-Armada, 2001). We will return to this issue in the last section of this appendix.

the same set of areas used in Table C.2. As these data make clear, the major factor contributing to the different rates of natural increase across these areas is the difference in their crude birth rates. For example, while the crude death rates of these four areas are very similar, there are major differences in their birth rates.[3] Cuba's crude birth rate is only marginally higher than that of the developed countries, and almost half the rate in other less-developed countries and other countries in Latin America and the Caribbean.

Table C.2
Comparison of Cuba's Population Growth With Selected Areas: 1950 to 2025, Percentage Change by Period

Period	Cuba	Developed Countries	Less-Developed Countries	Latin America/ Caribbean
1950-1960	21.4	12.9	21.7	31.3
1960-1970	21.5	10.2	27.0	31.2
1970-1980	13.0	7.7	24.8	26.6
1980-1990	9.2	5.6	22.7	22.4
1990-2000	5.6	3.4	18.5	18.1
2000-2010	3.1	2.2	15.1	14.0
2010-2025	1.9	0.5	19.1	16.6

Source: U.S. Bureau of the Census (2000).

[3] Because crude rates do not control for differences in age structure, and mortality rates differ sharply by age, the apparent similarity among the crude death rates in these regions is a result of differences in their age structures, namely, the fact that countries in the developing world and in Latin America and the Caribbean have much younger age structures than Cuba and countries in the developed world. Mortality rates are considerably lower at younger than at older ages; thus, even though age-specific death rates will be lower in developed countries, the fact that their populations are much older translates into a higher number of deaths in the total population.

Table C.3
Comparison of Birth, Death, and Natural Increase Rates for Cuba and Selected Areas, 1998

Area	Birth Rate (per thousand)	Death Rate (per thousand)	Natural Increase
Cuba	13	7	0.6
Developed countries	11	10	0.1
Less-developed countries	25	9	1.6
Latin America/Caribbean	23	7	1.6

Source: U.S. Bureau of the Census (2000).

Table C.4 provides additional information about the fertility structures of these areas and why they differ. As noted above, the number of births in a country is a byproduct of both its fertility regime--e.g. the fertility behavior of women in the prime childbearing years--and the size of those childbearing cohorts. The data in Table C.4 compare measures of both of these aspects of fertility, the total fertility rate (the average number of children born per woman), and the percentage of adult women in the childbearing years (ages 15 to 44). These measures are presented for 1988 and projected for 2025.

As these data indicate, the marginal difference in crude birth rates between Cuba and the developed countries is exclusively a result of Cuba's younger age structure. Indeed, the total fertility rate in Cuba and the developed countries is identical today and is projected to remain so for the foreseeable future. In contrast, approximately 62 percent of Cuba's adult women are in their prime childbearing years compared with slightly more than half of the adult women in the developed countries. This difference, however, is expected to disappear over the next two and a half decades, and by 2025 the proportion of adult women in these ages will be virtually identical to that of women in the developed world. Indeed, the total number of women in the prime childbearing years will decline one-third more (in percentage terms) than in the developed countries. By contrast, the higher crude birth rates in the less-developed countries and in Latin America and the Caribbean are a byproduct both of higher fertility rates and an age

Table C.4
Comparison of Fertility Structure for Cuba and Selected Areas: 1998 and 2025

Area	Total Fertility Rate		Percentage of Adult Women Age 15-44		Percentage Change 1998-2025
	1998	2025	1998	2025	
Cuba	1.6	1.7	61.8	42.0	-21
Developed countries	1.6	1.7	51.1	41.2	-14
Less-developed countries	3.2	2.4	71.0	59.8	34
Latin America/ Caribbean	2.8	2.1	70.2	57.2	27

Source: U.S. Bureau of the Census (2000).

structure that is conducive to high birth rates. Moreover, although the fertility rates in these areas will decline, their crude birth rates will only partially reflect this drop because the number of women in the childbearing years in these areas will remain high for the foreseeable future.

In comparing the difference in total fertility rates across these areas, it is useful to keep in mind the fact that, over the long term and in the absence of net immigration, countries must maintain a total fertility rate of 2.1 to maintain their population.[4] Currently, both Cuba and the developed countries have total fertility rates below replacement levels--a phenomenon that will continue into the future.

In summary, Cuba demographic profile is that of a country that has basically completed the demographic transition. Its low fertility rate and maturing age structure seem certain to continue and result in very slow growth in the future. In these respects, Cuba resembles much more closely the demographic profile of the developed than the less-developed world.

[4] As indicated earlier, the total number of births is a product of fertility behavior and age structure. If a country's age structure is conducive to high fertility, its population can continue to grow even if its fertility rate is below replacement level. However, continued low fertility will eventually produce a stable age structure and, when combined with below-replacement fertility rates, will result in a population decline.

THE IMPLICATIONS OF SLOW GROWTH FOR CUBA'S AGE STRUCTURE

While the demographic implications of Cuba's growth dynamic are multifaceted, none is more pervasive than its effects on the country's age structure. Virtually all demographic phenomena (births, deaths, marriage, migration, etc.), many economic behaviors (entering and retiring from the labor force), and major consumption decisions are "age graded." That is, they typically occur within certain age ranges. From a societal point of view, three age groups are particularly noteworthy: the young population (both preschoolers and those who are still in school), the working-age population, and those who have retired from the labor force. Although the services they use differ, both the young and retired populations are intensive service users. By contrast, the costs of these services are essentially borne by the working-age population. Thus, the relative size of these three different age groups has a direct effect on both the demand for services and a country's ability to provide those services.

Perhaps not surprisingly, the relative numbers of each age group vary systematically with the growth of a country's population. What may be surprising, however, is that the most important determinant of a population's age structure is its fertility, not its life expectancy. Essentially, the age structure is much more a function of the relative sizes of successive birth cohorts than of how long people live. Countries with a low fertility rate, like Cuba's, face rapid aging unless migration replenishes young adults in the population.

Table C.5 compares Cuba's current age structure with that of the developed and less-developed countries and with other Latin American and Caribbean countries. It also shows how age structure will change over the next 25 years and compares the percentage change in the total population by age between 1998 and 2025.

Table C.5

Comparison of Cuba's Age Structure with That of Developed Countries, Less-Developed Countries, and Other Countries in Latin America and the Caribbean, 1998 to 2025

	Age Structure 1998 (%)				Age Structure 2025 (%)				% Change by Age			
Age	Cuba	DC	LDC	LA/ Caribbean	Cuba	DC	LDC	LA/ Caribbean	Cuba	DC	LDC	LA/ Caribbean
0-4	6.61	5.66	11.63	11.17	4.86	4.85	8.71	7.90	-22.1	-11.6	5.8	-3.5
5-19	21.50	20.00	31.80	31.60	15.80	16.30	25.40	23.80	-22.1	-15.9	13.0	2.7
20-44	43.01	36.83	37.78	38.18	31.55	30.95	36.96	37.16	-22.3	-13.3	38.1	32.7
45-64	19.46	23.34	13.89	13.84	31.14	26.71	20.49	21.41	69.5	18.2	108.2	110.9
65-79	6.96	11.10	4.28	4.38	12.23	15.69	7.09	7.80	86.1	45.8	133.8	143.0
80+	2.49	3.07	0.64	0.88	4.41	5.51	1.31	1.96	87.6	85.0	187.9	202.2

SOURCE: U.S. Bureau of the Census (2000).

NOTES: DC = developed countries; LDC = less-developed countries; LA = Latin America.

As the data in Table C.5 make clear, Cuba's age structure is quite similar to that of the developed countries, although consistent with the fact that the timing of its progression through the demographic transition lags somewhat behind the developed countries, its population is somewhat younger than that of the developed world. Note that Cuba has a somewhat higher percentage of its population in the preschool and school ages and most notably a significantly larger proportion of its working-age population in the 20-to-44 age group. By contrast, it has fewer older workers and a substantially smaller fraction of its population over 65--particularly age 65 to 79. Thus, although the ratio of Cuba's working-age population (age 15 to 64) to its dependent population (those under 15 and 65 and over) is virtually identical to that of the developed world (namely, 2.17 to 2.04), the components of that dependency ratio (e.g., working age to youth and working age to those 65 and over) is somewhat different. Currently, there are 7.14 persons of labor force age in Cuba to every one person of retirement age (versus 4.76 in the developed countries), and there are 3.12 working-age persons per each person under age 15 (versus 3.78 in the developed countries).

Given the similarity in fertility patterns between Cuba and the developed world, these differences in the three youngest age categories will largely disappear over the next two and a half decades. Because the timing of Cuba's movement through the demographic transition has lagged that of the developed countries, however, the developed countries will continue to have a somewhat higher proportion of its population in their retirement years for the foreseeable future.[5]

In contrast to these mostly small differences between Cuba's age structure and that of the developed countries, Cuba's age structure is decidedly older than that of the less-developed world and the rest of Latin America and the Caribbean. For example, while only about one-fifth of Cuba's current population is under 20, close to one-third of the population in these other areas is under 20. On the other hand, 62

[5] Cuba's age structure will not become equivalent to that of the developed countries until 2050 when fully one-third of its population will be of retirement age (Díaz-Briquets, 2002; Pérez, 1998).

percent of Cuba's population is of working age compared with just over half of the population in these areas. Although declining fertility patterns will increase the average age of these populations in the future, Cuba's age structure will still be much older than that of the less-developed countries and the balance of Latin America and the Caribbean for the foreseeable future.

Although the relative size of different age cohorts provides a guide as to how the age structure of Cuba is changing in comparison with other regions, the full magnitude of what these changes will mean for the allocation of resources becomes even clearer when we compare how the actual number of people in each of these age categories will change over the next 25 years. The size of the population in each of the first three age categories (0 to 4, 5 to 19, and 20 to 44) will each decline by 22 percent, while the number of persons in the latter half of the working ages will increase by almost 70 percent, and the number 65 or older will increase by more than 85 percent. Thus, not only will the number of pensioners increase dramatically, but they also will have to be supported by a labor force that will be increasingly concentrated in the second half of their working years. Moreover, these changes in Cuba's population are all of a greater magnitude that will be experienced in the developed countries. Although the magnitude of the growth in the older-age cohorts will be even greater in less-developed countries, they will still have a much smaller fraction of their population in these ages, and they will also experience a much larger working-age population.

THE ECONOMIC IMPLICATIONS OF CHANGES IN THE AGE STRUCTURE

Like all countries in similar demographic circumstances, Cuba will face three critical issues as it attempts to cope with an aging population. First, how will it support its aging population? Second, how will it allocate its scarce resources among its various social programs? Third, how will it provide the labor force to pay for what seems certain to be an increase in social expenditures? Unlike most countries facing these issues, Cuba's level of development, ideological orientation, and institutional history will make crafting policy solutions to these

problems particularly difficult. In this section, I discuss the dimensions of these policy issues, the options that are likely to be considered, and the reasons why they are likely to pose particularly vexing challenges for whatever government succeeds Castro.

Impact on Pension Systems

First, how will Cuba support its aging population? This is, of course, a problem for all aging societies, but it is likely to be particularly severe in Cuba for several reasons. First, Cubans qualify for retirement pensions from the state at younger ages than in most other societies. Women, for example, qualify for pensions at 55 and men at 60 years of age.[6] As a result, the pressures of supporting an aging population will be felt earlier in Cuba than in societies with comparable age structures but later retirement ages. Second, in addition to Cubans qualifying for pensions at earlier ages, the length of time they will receive state support is increasing as Cubans live longer. The most rapidly growing age groups in Cuba, for example, are the very oldest (those over 80). Third, unlike virtually all developed countries, the state sector dominates total employment in Cuba;[7] thus, the vast majority of the pension burden in Cuba falls on the public sector. Moreover, the Cuban state bears the full cost of those pensions because it does not require workers to contribute to their retirement.[8] Finally, Cuba's public pension system operates on a "pay-as-you-go" basis with the result that funds needed to cover pension costs in each year are supplied by current revenues rather than from reserves set aside for that purpose.

Although the effects of Cuba's aging population on its pension system is only just beginning to be felt, the burden of supporting its

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[6] These qualifying ages are for workers with 25 years of experience. The ages increase to 60 for women and 65 for men who have worked only 15 years (Pérez, 1998).

[7] Prior to 1994, more than 90 percent of Cuba's labor force was employed in the state sector. With the liberalization of Cuba's economy, that share has declined since the mid-1990s, but it still employs about three-quarters of all workers (Hernández-Cata, 2000).

[8] Currently, only self-employed workers and employers in the private sector are required to contribute to the pension systems designed to support themselves or their workers. In the public sector, the mandated social security contribution is 12 percent of total wages, and that cost is borne exclusively by the state sector (Donate-Armada, 2001).

retired population is already placing stress on Cuba's resources. Although the exact costs of Cuba's pension system are uncertain, it consumes a substantial and rising share of pubic expenditures. Lorenzo Pérez (1998), for example, estimates that the cost of Cuba's pension system has increased from 5.3 percent of the country's gross domestic product (GDP) in 1989 to 6.7 percent in 1997. Jorge Pérez-López, on the other hand (see Appendix D), estimates the cost at 13 percent of gross national product (GNP).[9] Whatever the precise figure, it is clearly large and growing. Moreover, as Pérez (1998) has pointed out, Cuba's pension system already faces a sharp unfunded liability, and the size of that deficit grew from 417 million pesos to 712 million pesos from 1989 to 1997.

Although the future size of this deficit will hinge on policy decisions made by the Cuban government, unless current policies are changed, this deficit is certain to increase given the growing size of the eligible pool of pensioners. For example, assuming that per capita pension expenditures remain at current levels, the increase in the number of potential pension recipients will increase the total outlay for pensions by at least 50 percent between now and 2025. Moreover, there are very likely to be pressures on the Cuban government to increase the level of pensions (which are not currently indexed) because the real value of average pension levels has declined sharply during the Special Period. Mesa-Lago (2002), for example, estimates that the average real pension declined in value by 42 percent between 1990 and 2002. Furthermore, this decline does not take into account the cutbacks in the supplemental safety net (subsidized food, the availability of free health care, and cheap public utilities and housing) that the government has instituted during this period. Nor does it capture the impact that the dollarization of the Cuban economy has had on the price and availability of goods in Cuba.

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[9] The concepts of GDP and GNP are related measures of the gross output of an economy, i.e., the value of goods and services produced by an economy. They differ in how they allocate the value of the inputs used in production. GDP allocates the value of inputs to the location of the owners of the input. GNP allocates the value of the inputs of the nationality of those owners. GDP is increasingly the more preferred measure.

It is unclear how the Cuban government will respond to these fiscal pressures, but a failure to do so will only compound its current problems.[10] Moreover, many of the potential remedies that it might choose could have ripple effects of their own. The Cuban government might, for example, reduce pension outflows either by raising the age of retirement, reducing the benefits pensioners receive, or introducing a means test to qualify for pensions. However, given the declining real value of current pensions, and the fact that pensions are not currently indexed for cost of living, it seems more plausible that the pressure will be in the opposite direction, i.e., for raising the real value of pensions with some form of indexing.[11]

A second remedy is to increase the revenues going into the pension system either by increasing the employer's contribution to the pension fund or requiring employees to contribute to the system as is done in many other countries. Because the state is, in fact, the employer in the vast majority of cases, increasing the employer's contribution will do little to solve the problem. Requiring workers to contribute directly to their pensions is also likely to engender opposition at a time when the real earnings of Cubans employed in state-run enterprises have generally been declining (Mesa-Lago, 2002). It might also provoke protest from active workers who would have to bear the costs of this option, given the fact that real wages in the public sector have declined sharply during the Special Period. It could also create a disincentive for employees to seek employment (and to seek to evade the resultant tax increases) in the public sectors.

A third remedy, and one that an increasing number of countries facing this problem have adopted, is to increase the role that private employers and employees themselves play in financing their retirement. This option typically entails some combination of employer- and

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[10] Mesa-Lago (2001) indicates that the government is indeed considering significant pension system reform, including raising the age of retirement, implementing worker contributions to the system, and incorporating the private sector into the state-run system.

[11] Even in an authoritarian state such as Cuba, the government cannot adopt policies that are so unpopular that they raise the possibility of active protests. Indeed, the Cuban government has modified its policies in response to protests during the Special Period, e.g., the riots at Malconon in 1994 (Espinosa and Harding, 2000).

employee-financed pension programs.[12] However, despite the recent liberalization of Cuba's economy and the emergence of a small but significant private sector and the role such a system might play in promoting savings and investment, this alternative has two major drawbacks from a Cuban perspective. First, even if it were instituted in the near future, it would need to be in operation for a substantial period of time before sufficient funds could be accumulated to provide support for private sector retirees. Second, and perhaps more significant given the Cuban government's ideology, this option would require a major policy reversal away from a centrally planned economy toward a private enterprise model and the development of an independent banking and stock market. In sum, it would require Cuba to change its stripes.

In short, as its population continues to age rapidly, Cuba will be faced with an inexorable increase in the costs of providing support to its elderly population. Not only is this situation likely to increase the financial pressures on an already strained system, but it will also force the Cuban government to consider a variety of unpleasant policy options, the consequences of which are likely to engender social, political, and ideological problems for a regime that has prided itself on its commitment to social equity.

Impact on Social Service Resource Allocation

Although the problems that an aging society poses for Cuba's pension system may be the most obvious and pressing, they are not the only problems that Cuba's demographic transformation will pose for its leadership in determining how to allocate resources among competing social service demands. Such choices are particularly difficult for Cuba because the government has made such an extensive investment in social programs. Pérez-López (see Appendix D) suggests that government expenditures on social services (education, health, social security, welfare, housing, and community services) expanded rapidly during the

[12] Pérez (1998) summarizes the World Bank's discussion of the various options that have been proposed for countries trying to develop financially viable retirement systems for their aging populations. He also discusses the difficulties of implementing these proposals in Cuba.

1960s, 1970s, and 1980s, peaking at 46 percent of the national budget in 1988. In large part, this expansion was funded by the economic aid it received from the Soviet Union. Faced with the dissolution of the Soviet Union and the cutoff of Soviet aid, the Cuban government initially (1990 to 1993) protected its social welfare programs through a program of massive state subsidies (Hernández-Cata, 2000). But the soaring state deficits and rapid inflation that this policy engendered eventually (post-1993) led to a change in policy and a variety of cutbacks in social programs. The net result has been a decline in service levels in virtually all categories of social programs (Mesa-Lago, 2002). These financial pressures have been compounded by the demographic pressures described above. Because the young and older segments of the population are more intensive service users than those in their working years, changes in the relative size of these populations will present the government with the decision of how to allocate resources among their dependent populations--the pre-school-age and school-age population on the one hand and the retired population on the other. Although all countries face such decisions, they are particularly difficult for Cuba whose investment and improvement in social services (e.g., education, pensions, and health care) have been its most notable achievement.

In some respects, responding to these demographic pressures would appear to be a straightforward choice, since a decline in the school-age population would, everything else being equal, result in a decline in total expenditures for education. Indeed, Donate-Armada (2001) projects that the decline in Cuba's school-age population will reduce the government's educational expenditures by more than 20 percent between 2000 and 2020, provided per capita educational expenditures remain constant. However, this reduction in educational expenditures would be substantially smaller than the increase in expenditures that will be required for health care and pensions given the aging of Cuba's population. Pension expenditures, as already noted, will increase by more than 50 percent and, because patterns of health care usage vary dramatically by age, the differential growth of the various age groups

within Cuba's population will result in a 23 percent increase in health care expenditures at current levels of per capital expenditures.[13]

However, it is unclear whether a cutback in total education expenditures makes economic sense given the likely importance of an educated population to Cuba's future economic prospects. Specifically, given the slow rate of growth of Cuba's population, which will be most pronounced among its school-age and new labor force entrants, Cuba's comparative economic advantage will be much more dependent on the quality than the quantity of its labor force. To maintain that quality, however, Cuba must continue to invest in education for its youth--a fact that the current Cuban regime apparently realized when it sharply increased educational expenditures in response to a sharp decline in school enrollment--particularly in higher education--during the mid-1990s. This enrollment decline and a related movement of professionally trained workers into tourism and self-employment, where their skills were underutilized, resulted from a growing wage differential between professional jobs in the state sector and employment in the private sector (Mesa-Lago, 2002).

Moreover, there is evidence to suggest that despite the expansion of Cuba's educational system since the Revolution that system could be better targeted in terms of its goals and operation. Madrid-Aris (2000), for example, suggests that the aim of Cuba's educational system has been more on equity--particularly providing increasing access to free education for traditionally excluded groups, such as Cuba's black and mulatto populations and those living in rural areas that have historically lacked access to education, than on economic growth and efficiency.

This emphasis on equity is reflected in the level of investment that the Cuban government has devoted to the different levels of Cuba's

[13] Mesa-Lago (2002) reports that Cuba's combined expenditures for health care and social security are roughly twice that of their expenditures for education. Our estimate of the effects of aging on health care expenditures is based on the age-related pattern of health care expenditures in the United States. Although health expenditures per capita in the United States are no doubt much higher than in Cuba, the estimates depend not on the absolute level of expenditures but simply on the differentials in expenditure by age (Center for Cost and Financing Studies, 1996).

educational system, not to mention the government's initial attempts to maintain spending on its social programs in the face of the economic crisis triggered during the early part of the Special Period. Data provided by Donate-Armada (2001), for example, indicate that expenditures per pupil have been considerably higher at the primary and secondary levels than at the higher-education level. Moreover, in her generally sympathetic treatment of Cuba's educational system, Gasperini (2000) indicates that the educational system has focused much more on equity and ideology than on promoting economic growth. This point is supported by Madrid-Aris's estimates of the impact that education has had on Cuban economic growth. He estimates, for example, that increasing levels of education among the population since the Revolution have played a relatively minor role in promoting economic growth and that this effect has been more pronounced in the agricultural than in the industrial and service sectors.[14]

Indeed, as Pérez-López (in Appendix D) points out, Cuba's policies of guaranteed employment and minimizing salary differentials between workers with very different skill levels have created a severe problem of underemployment and inefficiency in the Cuban economy. As Pérez-López has noted, "Educational achievement bears no correlation with labor productivity or high wages." As suggested above, this situation appears to have triggered the decline in university enrollment and the transfer of professionally trained workers out of the state sector into unskilled jobs in the much smaller but more lucrative tourism and self-employment sectors during the Special Period.[15] This situation has also spawned a disproportionate concentration in university enrollment in education and health professions rather than in much needed business-related skills.[16]

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[14] Madrid-Aris (2000) suggests that the growth in agricultural productivity has largely resulted from eliminating illiteracy among Cuba's agricultural workers.

[15] Although the Cuban government reports no data on income distributions, Mesa-Lago (2002) estimates that the maximum wage differential among Cuban workers had grown from 4.5 to 1 in 1989 to 829 to 1 in 1995.

[16] Mesa-Lago notes, for example, that there is a surplus of physicians in Cuba (which has by far the highest proportion of physicians to population in the Latin American region), which allows Cuba to send thousands of physicians free to other countries in Latin America and the Caribbean and Africa. Nonetheless, thousands of physicians work at unskilled jobs in Cuba's private sector where they can earn several times the salaries paid in their profession (Mesa-Lago, 2001, p.11).

This imbalance has been further exacerbated, as both Gasperini and Mesa-Lago have noted, by the Cuban government's allocation of higher-education positions as much on the grounds of ideological conformity, family connections, and allegiance to the regime as on performance per se.

In sum, although reducing expenditures for education to compensate for the expected expansion of pensions and health care expenditures required to accommodate an aging population may be attractive in the short run, it is likely to be counterproductive in the long run, given the importance of a highly skilled labor force to the economic growth and productivity needed to maintain Cuba's social services. As I discuss later in this appendix, cutting back educational expenditures would also disproportionately affect those segments of the Cuban population (e.g., Afro-Cubans and those in rural areas) who have benefited most from the Revolution and who continue to provide support for Castro (Sawyer, 2002) and thus run counter to the emphasis of Cuba's focus on equity and to its political interests.

Impact on the Labor Force

This brings the discussion to the third major issue that an aging population will pose for Cuba's government in the post-Castro period: How will Cuba secure the labor force needed to promote economic growth and thus pay for its future social services? As already indicated, the cost of the social services that a country provides to its young and aging dependent residents is supported by the earnings of its working-age population. However, as discussed above, the aging of Cuba's population will result in a decline in the size of future cohorts entering the labor force. This situation is already apparent and will become even more pronounced in the future. For example, the ratio of new labor force entrants (the population age 15 to 19) to those who will be exiting the labor market (the population age 60 to 64) in a given period will be 1.25 between 2001 and 2005, 1.38 between 2006 and 2010, 1.12 between 2011 and 2015, and 0.97 between 2016 and 2020. In other words, within the next 15 to 20 years, Cuba's labor force will be shrinking as well as growing progressively older.

Although population growth is not a necessary condition for economic growth, a shrinking labor force can pose serious challenges for an economy, particularly a developing economy. In most developing countries, population growth typically produces a rapidly growing workforce that correspondingly expands the base of earnings from which to fund social services. Indeed, labor is typically the only one of the three factors of production (natural resources, capital, and labor) that many developing countries have in abundance, and they often rely on that ample labor supply (often at low wages) to attract investment capital. Cuba, however, is in a very different situation. As already discussed, not only is the size of its labor force stable but its prospects for economic growth are much more likely to rely on the quality rather than the quantity of its labor force. In other words, Cuba's future economic prospects will hinge on improving labor productivity and thus the increased earnings needed to fund its extensive social services. But, as also noted earlier, increased productivity will not only require an increased investment in educating and training workers, but also some major reorganization of the educational system. Thus, the government faces a dilemma: It needs to increase economic growth to support its service sector, but it must improve its service sector, particularly its educational system, to generate that growth.

Of course, given the growing wage differential between state and private enterprises, it would appear that greater liberalization of the economy might constitute a sensible step toward increasing incomes and productivity. However, after introducing reforms at the depth of the Special Period, the government then pulled back and reversed some of the changes, apparently for ideological reasons. Thus, these kinds of reforms, both to the education and training system and to the economy itself, appear to be further than the current government is willing to go. Nonetheless, unless some steps are taken to deal with the labor supply problem, Cuba seems certain to be forced to make additional cutbacks in its social service programs.

There are, of course, several potential options that the Cuban government might consider to reduce its labor and service sector problems at the margin. First, by raising the retirement age, the

government would both increase the workforce and postpone the onset of pensions for affected workers. A second option would be to increase labor force participation rates among prime-age workers--e.g., women. A third option, which has been used in the United States and in Europe, would be to increase immigration. Apart from the political opposition that the first two options might generate, and the infeasibility of attracting immigrants, none of these options deals with the underlying inefficiencies and underemployment that characterize the current Cuban economy. Indeed, attempting to increase the size of the labor force, as all of these options would do, is likely to be counterproductive unless the Cuban government is willing to eliminate its current subsidies to unproductive enterprises in the state system and provide incentives for potential workers. Indeed, as both Mesa-Lago (2001 and 2002) and Hernández-Cata (2000) point out, the Castro government's subsidies to unproductive state firms have compounded its underemployment problem. Until these problems are dealt with, the employment and earnings prospects of Cuban workers are unlikely to improve, and Cuba may well be faced with recurrent emigration among young adults who are tired of ongoing deprivation and who are frustrated by a lack of economic opportunity (Fernández, 2003). In short, unless Cuba attempts to deal with the structural problems that confront its economy, the labor supply problem it faces may get even worse.

DISCUSSION

Responding to the demographic situation described above will put severe pressures on the Cuban economy. As I have suggested, these pressures will underscore the need for structural change and major reform policies. However, it seems unlikely, as demonstrated by the policies adopted during the Special Period, that the Castro regime will respond to these demographic pressures by undertaking basic reforms. For example, only after its initial attempt to weather the severe dislocations associated with the withdrawal of Soviet support through

what Hernández-Cata called "adjustment by brute force"[17] did the government institute a series of liberalizing policies. These policies included legalizing the holding and use of dollars, encouraging remittances from U.S. relatives of Cubans, permitting self-employment in selected services, reorganizing agriculture, restructuring the banking system, and attempting to increase export earnings by the creation of special export industries, most notably tourism (see Appendix D).

Despite the fact that these changes appear to have reversed the collapse that had occurred during the first few years of the Special Period (even if they did not return the Cuban economy to the status quo ante, the government subsequently slowed and in some cases reversed the liberalization process. Moreover, even when instituting the reforms, the Castro regime has pursued what can be described as at best a reluctant pursuit of liberalization. Consider, for example, the legalization of self-employment. Hernández-Cata estimates that the expansion of the private sector has been the exclusive source of employment growth in the Cuban economy during the Special Period. Nonetheless, Cubans seeking self-employment face severe restrictions. The must be licensed, they face a series of special fees and taxes, and they are not allowed to hire others. Moreover, despite severe problems of underemployment for professionals in the state sector, professionals holding university degrees can become self-employed only if their self-employed occupations differ from the occupations for which they were trained (see Appendix D). Indeed, Castro signaled his unwillingness to modify the socialist system by including in the Constitution a provision declaring socialism untouchable.

The Castro regime's reluctance to adopt structural reforms except under the most severe circumstances is not unique to the Special Period. As Espinosa and Harding (2000) discuss, prior efforts at introducing market-like features, e.g., the Free Peasant Markets of the 1980s, were later repealed. Moreover, the government's experience with

[17] As Hernández-Cata (2000) notes, this included massive dissavings to subsidize its social programs and keep unprofitable state enterprises operating (with an attendant increase in underemployment), acute shortages of consumer goods (which prompted a growing black market with rampant price inflation), and a dramatic decline in public savings.

decentralizing managerial authority for the economy, know as the Sistema de Perfeccionamiento Empresarial (SPE), provides a further and dramatic example of Castro's reluctance to decentralize power. This system, based on Western management techniques, was introduced by Raúl Castro into the FAR more than a decade ago and has been hyped by some as *the* way to improve socialism. Its major thrust, as Espinosa and Harding note, has been to decentralize management authority away from the central government to the managers of the affected enterprises. Castro, himself, however, has been the major stumbling block to the adoption of SPE, and his reluctance appears to have been based on the decentralizing effects SPE would have on decisionmaking and the power of the central government.

How a post-Castro Cuba will respond to these demographic pressures is uncertain. As Mesa-Lago (2001) has indicated, there has been considerable debate within Cuba about the need for further economic reforms within the socialist context, and we might expect that debate to become broader and more open when Castro is no longer on the scene. But, as other countries in similar demographic circumstances are discovering, the central issue in this debate may not surround the question of economic efficiency, but rather the question of equity--i.e., who wins and who loses as a result of reform.

Each of the three issues discussed above essentially revolves around the question of the priority society attaches to the interests of different groups--e.g., workers versus retirees, the young versus the old, urban versus rural residents, Afro-Cubans versus whites. These are tensions that Castro has tried to sublimate with some considerable success through policies designed to equalize the distribution of resources among Cuba's residents.[18] However, even the modest reforms that have been introduced to date have led to dramatic increases in inequality within Cuba (Mesa-Lago, 2002). Moreover, these increases in inequality have been especially noteworthy among those groups, such as rural residents and Afro-Cubans, who have benefited most from the Revolution (Meerman, 2001; Mesa-Lago, 2002).

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[18] It is interesting to note, for example, that Cuba's extensive program of social services and subsidies are not means tested (Mesa-Lago, 2002).

As quoted by Mesa-Lago (2002, p. 2), even Fidel Castro seems to have recognized the tensions between efficiency and equity:

> One of the things for which the Revolution can be reproached is that it has brought too much equality; it managed to establish egalitarianism and this had to be rectified because it wasn't working and it *works even less in a situation of poverty. The more poverty there is, the less egalitarianism works. . . .* These changes [the reforms introduced] were inevitable and we have to make some more which foster individualism, selfishness, and make the value of money more important, they have alienating effects, all of this is a fact [emphasis added].

Whether the groups that stand to lose as a result of such reforms might agree with the *comandante*, however, is unclear. Sawyer (2002), for example, indicates that despite the Afro-Cuban population's increasing disillusionment with reform, Castro retains considerable support among this population. Sawyer goes on to suggest, however, that this support is unlikely to be transferred to a succeeding regime, particularly one that supports continued structural reform. Cuba's Afro-Cuban population is unlikely to be unique in this respect. Indeed, Castro's apparent recognition of the need for greater individual incentives to spur economic growth may prove to be ironic. The Revolution's traditional commitment to promoting equity through social programs at the expense of economic efficiency may make it difficult for any successor regime to institute the economic reforms that will be needed in the longer term to support those programs.

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APPENDIX D

THE LEGACIES OF SOCIALISM: SOME IMPLICATIONS FOR THE CUBAN TRANSITION[1]

By Jorge F. Pérez-López

For the past 40-odd years, Cuba's ruling government has actively sought to eliminate the institutions that prevailed in Republican Cuba and to replace them with institutions that support a socialist, centrally directed economy. The Cuban socialist regime undermined the institutions it inherited: It eliminated private property, disassembled the legal framework that enabled private enterprise and decentralized economic decisionmaking, set aside the banking and credit system that supported economic activity, shackled the free press, and repressed civil society. That it has not fully succeeded in obliterating the institutions inherited from the Republic is a tribute to the latter's resilience and to the fact that such wide-scale institutional change takes time. Nevertheless, it is fair to say that sufficient change has occurred since 1959, such that the architects of Cuba's transition will be faced with a legacy of socialist institutions that will complicate the establishment of a framework for a modern economic system in which enterprises and individuals can operate freely.

Notwithstanding the efforts of Fidel Castro and his regime to make socialism a permanent feature of the Cuban nation,[2] it is clear that significant changes will occur when Castro departs the scene as leader of the nation or even before then. When change toward a free market and multi-party democracy does occur, certain legacies of socialism will need to be overcome. The experiences of other former socialist countries have shown that it is indeed possible for successful transitions to occur. However, for the most part, such transitions have turned out to

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[1] This appendix was prepared for the RAND Corporation on July 2002. It solely expresses the personal views of the author.

[2] Fidel Castro launched a campaign in June 2002 to garner citizen support for a Constitutional reform reaffirming socialism and declaring it "untouchable" within the Cuban Constitution. Not surprisingly, the high-pressure campaign reportedly resulted in more than 8 million citizens signing the petition out of a total population of about 11 million. See, for example, San Martin (2002) and "Sepulta Castro . . ." (2002).

be far more difficult, and to take longer, than reformers initially envisioned. Indeed, at the beginning of the 1990s, some optimistic reformers in Eastern Europe thought that the very removal of the ruling socialist party and its leadership would be sufficient to start a process that would quickly result in free markets and multi-party democracies. That has not turned out to be the case.

During the initial stages of the transition, the focus of Cuban policymakers is likely to be on macroeconomic stabilization--on adjusting fiscal and credit policies and addressing internal and external imbalances. After stabilization is advanced or substantially completed, structural change can begin in the form of price liberalization, enterprise restructuring, and institutional reforms. Institutional reforms to support the market are likely to include privatization of large and medium-sized enterprises; establishment and enforcement of a market-oriented legal system and accompanying institutions; further in-depth development of a viable commercial banking sector and the appropriate regulatory infrastructure; labor-market regulations; and creation or modification of institutions related to public unemployment and retirement systems.

The record of a decade of reforms in Eastern Europe indicates that the leading countries--those whose gross domestic products (GDPs) have grown--have been those that pursued a relatively complete set of reforms, including maintaining clear property rights, a functioning legal framework, and corporate governance rules.[3]

This appendix deals with some of the legacies of socialism that will complicate Cuba's transition. The set of issues examined here is not exhaustive. I begin with a brief review of the key institutions that characterized socialist systems in the former Soviet Union and Eastern Europe--institutions that the Cuban government has imposed on the nation over the past four decades. I then discuss five specific legacies of socialism that will challenge Cuban reformers: (1) a highly educated and low-productivity labor force; (2) a small and deformed private sector; (3) corruption; (4) lack of transparency; and (5) an unaffordable social

[3] Svejnar (2002, p. 10).

service and pension system. These challenges are by no means insurmountable; however, they presage a difficult transition for the Cuban nation.

SOCIALIST INSTITUTIONS

Douglas C. North, a 1993 Nobel laureate in economics, is probably the foremost student of the relationship between institutions and economic performance. According to North,

> Institutions are the humanly devised constraints that structure political, economic, and social interactions. They consist of both informal constraints (sanctions, taboos customs, traditions, and codes of conduct) and formal rules (constitutions, laws, property rights). Throughout history, institutions have been devised by human beings to create order and reduce uncertainty in exchange. Together with the standard constraints of economics they define the choice set and therefore determine transaction and production costs and hence the profitability and feasibility of engaging in economic activity.[4]

Institutions provide the incentive structure of an economy, shaping the direction of economic change toward growth, stagnation, or decline.

Murrell and Wang have set out succinctly the character of communist (socialist) institutions and their incompatibility with market behavior:

> Communist regimes, guided by a vision that asserts the primacy of public ownership and central direction, created a set of institutions that were largely unresponsive to efficiency considerations generated from below. This led to institutional inflexibility. Institutional change reflected the views of the apex of the communist hierarchy on how to promote efficiency. Therefore the institutional structure left by communism had a paradoxical character. There was an immense structure that guided the activities of organizations. Organizations were highly dependent on this structure. But this immense structure contained few of the features that would have been demanded by firms in a market economy.[5]

An eager convert to socialism, since 1959, the Cuban government adopted the key institutions of socialism. Among those that are likely

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[4] North (1990, p. 97).

[5] Murrell and Wang (1993, p. 390).

to have the greatest influence on the transition to a market economy are state ownership, central planning, and taut planning.

State Ownership

In socialist economies, the state owns and controls the bulk of the productive resources. The state owns nearly all natural resources (farmland, minerals, forests) and capital (buildings, machinery, equipment). The state conducts virtually all industrial, mining, construction, transportation, trade, communications, health, research and development, and education activities. The state also employs all labor resources in state-owned enterprises.

In pre-revolutionary Cuba, the bulk of productive resources were privately owned, whether by nationals or foreigners; notable exceptions were the railroads. Through the massive nationalizations of the early 1960s, Cuba's state amassed a very high share of the nation's resources, essentially eliminating private ownership. In 1968, the Cuban state already controlled 100 percent of industry, construction, transportation, retail trade, wholesale and foreign trade, banking and education; only in agriculture, 70 percent of which was under state control, was there a sizable private-sector presence. By 1988, the state's share of agriculture had risen to 92 percent.[6] Although precise cross-country comparisons are difficult to make, available information suggests that, in Cuba at the end of the 1980s, the state's share of ownership of the factors of production was as significant, if not more significant, than in the former Soviet Union and the socialist countries of Eastern Europe.

Some recent developments--for example, the creation of farmers' markets, the breakup of the state farms into Basic Units of Cooperative Production (*Unidades Básicas de Producción Cooperativa*, UBPC), and the establishment of joint ventures with foreign investors--have reduced somewhat the state's control over the nation's productive resources. But it is still fair to say that at the onset of a transition, the state will control the lion's share of productive resources.

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[6] Rodríguez (1990, p. 61).

Central Planning

In socialist economies, resource-allocation decisions at all levels of the economy are made administratively via the central plan, according to priorities established by the ruling party. Once the central plan has been formulated and approved, it carries the force of law: Each ministry, region, and enterprise is assigned input and output targets, and these targets typically take the form of physical quantities of goods and services. Foreign trade is also planned, with state organizations exercising a monopoly. Most prices in centrally planned economies (CPEs) are fixed by central authorities. Western economists deem those prices "irrational" in that they do not reflect the interaction between supply and demand. Price inflexibility prevents quick responses to changing economic circumstances and contributes to chronic shortages of goods and services. Setting the millions of prices for goods in the wholesale and retail sectors, as well as for agricultural products procured by the state, is an administrative nightmare.

Cuba began experimenting with central planning in the early 1960s. By the mid-1960s, it had become a full-scope command economy. Since then, resource allocation has been managed by the central authorities, with all units of the economy subject to physical targets, and most prices controlled from the center.

In the mid-1970s, Cuba adopted an economic planning and management system, the *Sistema de Dirección y Planificación de la Economía* (SDPE), that promoted some decentralization of economic decisionmaking and incorporated elements of market behavior into the central plan--for example, more extensive use of cost and profit indicators. In the early 1980s, Cuba experimented with free markets for agricultural and handicraft products through the *mercados libres campesinos* (MLC) and *mercados artesanales* (MA), respectively. Both of the latter innovations were eliminated in 1986, together with many of the measures to implement the SDPE as part of a counterreform campaign spearheaded by Castro, the *proceso de rectificación de errores y tendencias negativas* (rectification process), which recentralized economic decisionmaking.

The economic crisis of the 1990s, and the policies instituted by the government in response to it, have played havoc with Cuba's central-planning system. On the one hand, the bulk of Cuba's economy continues to be an orthodox command economy, subject to directives from the central authorities. On the other hand, a growing segment of the economy--for example, joint ventures with foreign investors, some export-oriented enterprises, *sociedades anónimas,*[7] to some extent the UBPCs, small businesses operated by self-employed workers--operate partly outside of the central plan. Nevertheless, resource allocation in Cuba remains mainly under the purview of socialist authorities. Very little interplay takes place between supply and demand.

Taut Planning

Centrally planned economies tend to rely on taut, or full-employment, planning. This form of planning is characterized by setting unrealistically high output targets for enterprises relative to available resources and rates of productivity growth. Simultaneous achievement of price stability and of the overambitious targets set by taut planning typically is unfeasible. The overcommitment of resources results in excess demand and inflationary pressures, often manifested through commodity rationing and black markets.

With regard to labor, taut planning means full employment of labor (i.e., everyone is provided with a job, and there is zero open unemployment). Wages are centrally determined, and workers are paid according to a national pay schedule or grid. State-owned enterprises (SOEs) are told the number of workers they should hire in order to meet the full-employment political goal, but the contribution of those workers to enterprise output is not considered, consequently creating rampant underemployment and absenteeism. Once a worker is hired, it is nearly impossible to remove him or her from the payroll. The combination of low wages and commodity rationing translates into meager purchasing power of wages, a low level of work effort, and generalized job dissatisfaction. Cuba has been notorious for taut planning. In the

[7] *Sociedades anónimas* are privatized state enterprises that are run by their former managers--typically state officials. They are discussed in more detail later.

second half of the 1960s, the nation embarked on a politically motivated drive to produce 10 million tons of sugar in 1970.[8] Resources were diverted from other sectors of the economy and poured into the sugar campaign. Not only did Cuba fail to meet the sugar output goal, the disruptions to other sectors of the economy were severe and had long-lasting effects.

Throughout the 1970s and 1980s, serious worker shortages developed in the agricultural sector, which were addressed in part through massive investments in agricultural mechanization. At the same time, SOE payrolls and the government bureaucracy soared. Bloated payrolls (*plantillas infladas*) in urban areas coexisted with shortages of labor in rural agricultural areas. Absent a market mechanism, reallocation of workers to agriculture was carried out via government fiat (compulsory assignments of civilian workers), military contingents, or other short-term solutions.

THE LEGACIES OF CUBAN SOCIALISM

Having remained entrenched despite the reforms of the 1990s, Cuba's centralized economic system is certain to saddle a post-Castro Cuba with a deformed economy. This manifests itself today in the low productivity of the labor force, the small and deformed private sector, the widespread prevalence of corruption, the lack of government transparency, and the insustainability of Cuba's social programs.

Highly Educated, Low-Productivity Labor Force

Despite the structural changes in the 1990s that promoted employment outside of the state sector (e.g., the liberalization of self-employment and the creation of cooperatives from the breakup of state farms), the state continues to be by far the largest employer in the nation. In 2000, the state employed 77.5 percent of all workers--a sizable drop from more than 90 percent in the early 1980s, but still an overwhelming share of the nation's human resources (see Table D.1).

[8] The production record in Cuba up to that time had been 7.2 million tons of sugar in 1952. Therefore, the 10-million-ton target was 39 percent higher than the historical record.

Human-capital theory posits that education enhances worker productivity and thus leads to higher wages. However, in socialist Cuba, educational achievement bears little correlation with labor productivity or with wages. One of the many paradoxes of Cuba today is that it is a nation with a very highly educated workforce that has abysmally low worker productivity. In fact, Cuba may have one of the most highly educated tourism workforces in the world: Physicians, lawyers, and technicians leave jobs in the profession for which they were trained and take, instead, low-skill jobs, such as taxi drivers or tour guides, because these occupations carry the possibility of tips or payments in freely convertible currencies.

Consistent with taut planning, Cuba's pursuit of full labor-force utilization has increased the government's payroll and kept open unemployment very low; meanwhile, underemployment has been rampant. Mesa-Lago has noted that the sharp reduction in open unemployment in the early 1960s, the first years of the Castro regime, was achieved by transforming most of the open unemployment into underemployment.[9] That policy decision had the effect of alleviating the short-term unemployment problem, but it spread the economic costs to the entire population and negatively affected long-term labor productivity and economic growth. Mesa-Lago states:

> In 1963 employees of state farms worked an average of 4.5 to 5 hours per day but were paid for 8. Industrial mergers and shut downs should have generated unemployment, but unneeded workers remained on the enterprise payrolls. The tertiary sector became hypertrophied with the expansion of the bureaucracy, social services, the armed forces, and internal security.[10]

Underemployment became an even more serious problem in the 1990s under the explicit government policy to preserve all jobs in the state sector, despite plant closings and work interruptions brought about by the economic crisis and the associated shortages of raw materials and spare parts. According to the Economic Commission for Latin America and

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[9] Mesa-Lago (2000, pp. 192–193).

[10] Mesa-Lago (2000, p. 193).

Table D.1
State and Nonstate Employment (in thousands)

	1981		1995		1997		1998		1999		2000	
	Number	%	Number	%	Number	%	Number	%	Number	%	Number	%
Total employment	2,867.6	100.0	3,591.0	100.0	3,705.2	100.0	3,753.6	100.0	3,821.3	100.0	3,843.0	100.0
State sector	2,632.8	91.8	2,902.8	80.8	2,984.1	80.5	2,985.7	79.5	2,979.0	78.0	2,978.2	77.5
...of which is *Sociedades Anónimas*	—	—	71.6	2.0	109.3	2.9	130.9	3.5	140.2	3.7	160.3	4.2
Nonstate sector	234.8	8.2	688.2	19.2	721.1	19.5	767.9	20.5	842.3	22.0	864.8	22.5
Joint ventures	—	—	13.8	0.4	19.2	0.5	21.0	0.6	26.0	0.7	26.8	0.7
Coopera-tives	30.7	1.1	348.6	9.7	338.6	9.1	328.8	8.8	324.9	8.5	323.4	8.4
Private domestic	204.1	7.1	325.8	9.1	363.3	9.8	418.1	11.1	491.4	12.9	514.6	13.4
...of which is self-employed	46.5	1.6	138.1	3.8	129.2	3.5	112.9	3.0	156.6	4.1	153.3	4.0

SOURCE: Oficina Nacional de Estadísticas (ONE) (2001, p. 116).

the Caribbean (*Comisión Económica para América Latina y el Caribe,* or CEPAL), Cuba's open unemployment rate hovered in the 6—7 percent range in 1990—1996,[11] while "equivalent unemployment"[12]--an estimate of underemployment--climbed as high as 35.2 percent in 1993; taking open unemployment and underemployment together, more than 40 percent of the labor force was not fully productively employed in 1993. In 1996, the most recent year for which the open unemployment rate was estimated (6.8 percent) and CEPAL estimated equivalent unemployment (27.3 percent),[13] more than one-third of workers (34.1 percent) were not fully productively employed.

No systematic and reliable time series is available on labor productivity in socialist Cuba. These lacunae result in part from problems with the methodology that Cuba used to calculate its national income and product during the first three decades of socialist rule.[14] Fragmentary information suggests that, despite national campaigns and exhortations by the official workers' organization, the government-controlled *Central de Trabajadores de Cuba* (CTC, or Cuban Workers Central), labor productivity has been very low.

From fragmentary information, Mesa-Lago concludes that the average labor productivity growth rate during the period 1971-1985--arguably the period of strongest economic growth by socialist Cuba--was low and well below planned targets.[15] In fact, Mesa-Lago argues that if the

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[11] CEPAL (1997, p. 187).

[12] CEPAL (1997, p. 165) estimates "equivalent unemployment" for a given year with reference to 1989 as the product of the underutilization of the labor force (i.e., the gap between average productivity in a given year compared with that in 1989) times the labor for the given year.

[13] Although CEPAL updated its study through the end of the 1990s (CEPAL, 2000), it did not update the "equivalent unemployment" estimates, which end with 1996.

[14] At least through 1990—1991, socialist Cuba based its national income and product accounts on the Material Product System (MPS), the system used by the Soviet Union and other socialist countries. Almost all other countries (developed and developing) used the System of National Accounts (SNA). There are numerous differences in the two systems, perhaps the most significant of which is that the MPS excludes the contribution of "nonmaterial services" (e.g., social services, national defense, education, government administration) but includes the value of intermediate outputs (i.e., it is affected by double-counting of some outputs). For a fuller discussion of the methodological differences, see Mesa-Lago and Pérez-López [1985]). Since around 1990—1991, Cuba seems to have abandoned the MPS and adopted the SNA.

[15] Mesa-Lago (2000, p. 260).

exceptionally high economic growth rate of 1981 is excluded,[16] average labor productivity growth for the entire period of 1971—1985 was actually negative. Low productivity growth during this period is consistent with other information on underutilization of labor across several sectors of the economy.[17] For the second half of the 1980s, average labor productivity growth declined at an average annual rate of 2.6 percent, compared with a planned annual *increase* of 3.5 percent per year.[18] No official statistics are available on labor productivity in the 1990s, but the CEPAL estimates mentioned above suggest that it had to have declined severely in this period.

Although many reasons can be given for Cuba's low and declining labor productivity--among them, the abominable state of the capital stock and the lack of steady supplies of raw materials--it is clear that absenteeism and labor indiscipline are also important reasons. The full-employment policy, which guarantees a job regardless of work effort, the meager wages that workers receive, and the generous health and education services that are available to the population at large, regardless of income or work effort, breed limited on-the-job effort. The popular saying attributed to Soviet workers, "We pretend to work and they pretend to pay us," is applicable to Cuban workers as well.

Table D.2 reproduces official data on average monthly salaries of workers in state enterprises and joint ventures during the period 1994—2000. The average monthly salary rose from 185 pesos to 234 pesos, or by 26.4 percent, over this period. However, these statistics refer to salaries in current pesos, unadjusted for inflation, so they do not reflect the decreased purchasing power. Cuba does not publish statistics on inflation, but, judging from official household consumption statistics, we can make a rough estimate that inflation during 1994—2000

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[16] Mesa-Lago suspects that the exceptionally high growth rate for 1981—a growth of 16 percent in the global social product—overstates actual performance in that year and may have been the result of a change in the price basis for the series and other methodological changes. See Mesa-Lago (2000, p. 251).

[17] Mesa-Lago (2000, p. 260).

[18] Mesa-Lago (2000, p. 286).

Table D.2
Average Monthly Salary of Employees in State Enterprises and Joint Ventures (in pesos)

	1994	1995	1996	1997	1998	1999	2000
All Sectors	185	194	202	206	207	222	234
Agriculture, hunting, forestry and fishing	183	184	207	205	203	212	218
Mining	231	235	241	246	251	254	264
Manufacturing	192	211	211	212	214	225	234
Electricity, gas, and water services	187	207	211	221	219	230	244
Construction	216	212	229	246	252	262	284
Commerce, restaurants, and hotels	142	162	164	172	175	180	182
Transportation, warehousing, and communications	186	197	197	217	213	212	227
Banking, insurance, real estate, and business services	188	206	213	223	222	234	239
Community, social, and personal services	188	190	191	203	203	233	249

SOURCE: ONE (2001, p. 119).

was 28.3 percent. Therefore, the purchasing power of the salaries earned by Cuban workers in 2000 was actually lower than that in 1994 (26.4 percent rise in money wages compared with 28.3 percent inflation).[19] Add to this the fact that many of the basic household consumer products are not available in peso-denominated stores and must be purchased in dollar-denominated outlets, at prices that approximate those in world markets. Considering that, during the second half of the 1990s the peso-to-dollar exchange rate hovered around 20 pesos for $1 U.S., in 2000 the average Cuban worker received a salary equivalent to less than $12 U.S. per month.

The severe shortage of consumer goods that the Cuban population has endured during the Special Period and the possibility of being able to obtain such goods from dollar stores means time will be taken off from a job that pays in pesos to engage in wheeling and dealing that results in

[19] According to official statistics (ONE, 2001, p. 99), between 1994 and 2000 household consumption at current prices rose by 46.0 percent; consumption at constant prices did the same, by 17.7 percent. It follows, then, that prices of articles consumed by households rose by 28.3 percent during this period.

earning dollars. Such a strategy is preferable than going to work in a job that pays in pesos or working overtime for pesos. This phenomenon explains in part the lack of on-the-job effort and the poor work habits of the workforce, particularly in state-owned enterprises.

During a transition, workers will expect that the purchasing power of their salaries will rise and that they would at last be able to enjoy levels of consumption similar to those that workers in other free-market countries enjoy. Educated workers will have high expectations of material reward, particularly those workers who have endured the socialist system the longest. They will have little patience with a system that does not reward them immediately.

The lessons from Central and Eastern Europe for Cuba are not encouraging in this regard:

> Decades of stifling bureaucracy, incessant propaganda, and an extreme nanny state destroyed people's will to work. Entitlements became a way of life. No one expected to get fired, and the government was viewed as the solution to all problems. As a result, most people over the age of 40 were lost, and it will be left to the youth to forge a future.[20]

Small and Deformed Private Sector

Although the state owns most of the factors of production, it has not been able to eradicate entrepreneurship in Cuba. The booming black market of the 1990s and the enthusiasm with which the population initially accepted the liberalization of self-employment in 1993 are indicative of the Cuban population's ingenuity and resourcefulness in making ends meet under very unfavorable economic conditions.

Ingenuity aside, what 40-odd years of socialism have done is to wipe out the market-oriented skills of the cadre of managers, accountants, auditors, and others that was responsible for running the Cuban economy in the 1950s. Several generations of Cubans who have grown up under socialism have meager market-oriented skills, and the exposure they have had to private sector activities has been with *deformed practices*: black markets and underground (illegal) economic activities.

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[20] Aslund and Hewko (2002).

Murrell and Wang identified this problem in the context of the reforming Eastern European economies:

> The ability to function effectively within a particular set of market institutions comes about as a result of market activity rather than being endowed or learned quickly through formal education. Therefore the lack of market institutions under communism leads to a dearth of both market-oriented human skills and organizations that can function in the market environment. Moreover, the market experiences of most individuals have been with largely unsophisticated market institutions, often with those of the black market. The market skills that do exist are ones geared to markets with simple institutional prerequisites rather than those fit for the types of markets in which large organizations would prosper.[21]

Cuba's private sector is very small. According to official statistics (refer back to Table D.1), total private domestic employment in 2000 amounted to 514,600 workers, or 13.4 percent of total employment. Reportedly, the majority of these private-sector workers are small agricultural operators. Self-employed workers accounted for about 30 percent of private-sector employment in 2000. It is interesting to note that, when self-employment was liberalized in summer 1993, the response was strong: A rush of workers registered as self-employed. By December 1993, only a few months after the new self-employment regime had been in place, 70,000 persons had gone through the necessary steps to be registered as self-employed workers; by the end of 1995, approximately 208,000 workers had registered.[22] Since then, the number of officially sanctioned self-employed workers has fallen off as the government increased fees and taxes, issued more-restrictive regulations, and stepped up oversight, reducing the flexibility that these private workers needed to operate. According to Table D.1, the number of self-employed workers in 2000 was about 153,300.

The private sector is also precarious and deformed. Because there are no factor markets in which the self-employed and other private-sector workers can obtain the raw materials they need to ply their trade, they must resort to the black market or some other illegal source of goods and services. Thus, private-sector workers, almost by

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[21] Murrell and Wang (1993, pp. 390–391).

[22] Jatar-Hausmann (1999, p. 97).

necessity, must operate outside the law, finding ways to survive outside of the legal framework.

Cuban self-employed workers generally obtain their raw materials and equipment from the black market. The black market, in turn, is fed by theft from the state sector. As Ana Jatar-Hausmann, an analyst who has interviewed self-employed workers, describes it,

> Cuba has no wholesale distributors. The Cuban government has not opened supply markets. Intermediaries are not only illegal, but unwanted. . . . When Jorge [a self-employed shoemaker] is asked about where he has been buying the little equipment he uses to work, he answers coyly, "little by little I have been collecting it," but his smile seems to say "Why are you asking such a dumb question?" And it is, in fact, a silly question. Everybody knows that there are no free markets for any of the instruments used by Jorge; nor are there supplies for most of the products the artisans make. They either take them from their workplaces (in other words, steal them) or they buy them in the black market. Where do the products in the black market come from? From other workers who do the same thing. Everyone has to steal in Cuba for survival.[23]

The existence of a private sector in some former socialist countries has been a positive factor in their transitions. For example, Poland and Hungary, two socialist countries that, for historical reasons, had well-established private sectors[24] saw the existing private sector as the basis for the expansion and multiplication of private enterprises once the shackles of the socialist system were removed.

The experiences of Poland and Hungary suggest that, where there is an existing private sector, it is relatively easy to create conditions that allow the reservoir of entrepreneurs nurtured in small businesses to expand their activities and multiply, creating new businesses and generating employment opportunities.

Barely two years after the transition in Poland, retail trade was almost completely in private hands, as were 55 percent of the construction industry and 24 percent of transportation services. By the

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[23] Jatar-Hausmann (1999, pp. 108–109).

[24] Recall that Poland's agricultural sector remained largely outside of state control. And reforms in Hungary that began in the 1960s promoted limited consumerism and market forces, earning Hungary's system the label of "Goulash Socialism."

end of 1992, 56 percent of the labor force worked in the private sector, generating almost half of the country's gross national product.[25]

In Hungary, creation of small businesses exploded immediately after the transition. The number of enterprises grew sixfold between 1989 and March 1992, from 10,811 units to 58,951 units, nearly all of them small companies. Whereas in 1989, 53 percent of Hungarian enterprises employed more than 50 workers, by 1990 only 36 percent employed more than 50 workers. Indeed, in 1990, about half of Hungarian enterprises employed fewer than 20 workers. The major sources of the emerging class of new private entrepreneurs in Hungary were reportedly the state sector (it was customary in Hungary for state workers to hold legal secondary jobs), small businesses, industrial or agricultural cooperatives, and operators of agricultural household plots.[26]

Corruption

Corruption, the misuse of public property for private gain, is as old as government itself. The potential for corruption exits whenever a public official has discretionary power over distribution of a benefit or a cost to the private sector.[27] Private individuals or firms are willing to pay bribes to obtain these benefits or to avoid costs. All other things being equal, the size and structure of the state determine the demand for corrupt services—that is, the supply of bribes. Klitgaard has summarized the "basic ingredients of corruption" as follows:[28]

Corruption = Monopoly + Discretion – Accountability

That is, the level of corruption depends on the degree of monopoly exercised by the state over the supply of a given good or service, of discretion enjoyed by a government agency in making resource-allocation decisions, and of accountability of the government (or its agents) to others.

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[25] Nagorski (1993, p. 175).

[26] Kiss (1992, pp. 1027–1028).

[27] Rose-Ackerman (1997, p. 31).

[28] Klitgaard (1988, p. 75)

Socialist systems present a complex interplay of governmental and economic institutions, ideologies, and traditional political cultures that makes them particularly prone to corruption:

- The overwhelming size of the public sector means that the state employs an inordinately large number of workers. Therefore, the potential for corruption is very large.
- Central planning of thousands or even millions of production enterprises, and an even larger number of retail outlets and individual products and services, requires a huge bureaucratic apparatus. At every turn, production and distribution decisions are regulated by inflexible plans and allocation procedures; enterprise managers often have little choice but to use illicit influence to get around planning strictures to obtain labor or raw materials.
- The ruling party itself is often the locus of corruption, because the top leadership is normally immune to exposés and reprisals from below and can engage in self-serving behavior. The ruling class or political elite has been referred to as the "new class"[29] or the *nomenklatura*.[30] It was typically able to draw on the resources of the state and to treat socialist property as its own: salary supplements; the best housing; special food allocations; access to restaurants, stores, and other facilities; and vacation country villas, or *dachas*. It also participated heavily in the system of taking bribes in return for doing favors, such as appointing persons to prestigious posts, offering protection, promoting people up the bureaucratic ladder, and using influence to stop the government from taking actions.

While corruption is common in most undeveloped countries, and pre-revolutionary Cuba was no exception, it stands to reason that in Cuba today corruption would follow closely the patterns in other socialist, centrally planned economies whose ideology and political systems Cuba emulated. Illegal economic activities associated with corruption, for

[29] Djilas (1957).

[30] For example, see Voslensky (1984).

which there is some concrete evidence, are black-market operations, misuse of office, and special perquisites extracted by the Cuban *nomenklatura*. To be sure, other forms of corrupt behavior--for example, bribes to influence government decisions, such as installing a telephone or exchanging homes (*permutas*)--were probably also rampant, but they are more difficult to document:

- The Cuban state's overwhelming control over the economy translates into black markets in nearly all areas of economic activity. Thus, not only are there black markets for food and consumer goods--goods ostensibly covered by the rationing system--but also for construction materials for home repairs and spare parts for appliances and motor vehicles. Misappropriation of government resources (via theft, diversion of goods, shortchanging of customers) has traditionally been one of the main sources of goods entering black markets.
- The extremely high concentration of resources in state hands, and the centralized nature of decisionmaking, places a great deal of power in the hands of government officials and, hence, creates ample opportunities for corruption. In addition to corrupt behavior in return for bribes, corruption in socialist Cuba takes the form of using power to obtain access to other things, degenerating into a generalized "I'll-scratch-your-back-if-you'll-scratch-mine" system, which rewards those who are friendly with government officials and which is referred to as *sociolismo*--a takeoff on *socio* (buddy) and *socialismo*.
- As in the former Soviet Union and other socialist countries, Cuba has a system of special perquisites for the *nomenklatura*, whose members are referred to on the island as *pinchos*, *pinchos grandes,* or *mayimbes*. These perquisites include total or partial exemption from the commodity-rationing system, the ability to obtain imported foods and other consumer goods, good housing (including vacation homes), use of government vehicles, access to special hospitals and imported medications, admission

to special schools for their children (the so-called *hijos de papá*), and the ability to travel abroad, to name a few.[31]

- A new and troubling form of corruption is what has been called in other socialist countries "spontaneous privatization." This term refers to the appropriation of state property by members of the *nomenklatura* through the paper reorganization of state-owned enterprises into "private" corporations, of which the *nomenklatura* members are owners or directors. This activity "is the very essence of corruption, being the outright theft of public assets by politicians and/or enterprise directors associated with the *nomenklatura.*"[32] By the end of 1992, reportedly 63 of these privatized entities, called in Cuba *sociedades anónimas,* or just S.A., were operating in Cuba, and many others have been created since then (see Table D.3 for information on selected Cuban S.A.). The "owners" of these corporations have not purchased their assets from the state nor have they contributed intellectual property, invested any savings, or incurred any risks. Instead, they are individuals loyal to the Cuban government who have been given control over state assets illegally, in a manner reminiscent of the systemic theft of private property in Nicaragua by the Sandinista regime, known as *la piñata*. The S.A. tend to operate in the more-dynamic sectors of the economy that generate hard currency and are capable of attracting foreign investment: tourism, electronics and telecommunications, biotechnology, commercial real estate, and financial services.

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[31] The best treatment of this subject is the work by Juan Clark, who has conducted several surveys of emigrés. See, for example, Clark (1990, 1999).

[32] Kaufmann and Siegelbaum (1997, p. 439).

Table D.3
Selected Cuban Sociedades Anónimas and Their Principal Economic Activities

Grupo Gaviota S.A.
· International tourism
· Hotels, villas, marinas, automobile rentals, hunting preserves, and retail stores
Corporación Cubanacán S.A.
· International tourism
· Hotels, retail stores, a broad range of tourism services
Habaguanex S.A.
· International tourism, focused in the city of La Habana
· Hotels, hostels, restaurants, cafeterias, retail stores, open-air markets, museums
Grupo Cimex S.A.
· Export-import and retail trade, financial services
· 550 retail stores throughout the island (using hard currency only)
· Warehousing facilities, cargo ships, domestic transportation equipment
Grupo de la Electrónica
· Production and sale of consumer electronics products and computer equipment and provider of computer services
· Also involved in telecommunications, informatics, and automatics
· Composed of several companies, including Copextel, S.A., which manufactures and sells computer and electronic equipment, and Centersoft, which provides computer software and consulting services.
Heber Biotec S.A.
· Biotechnology products
· Commercializes products manufactured by the Centro de Ingeniería Genética y Biotecnología
Real Inmobiliaria S.A.
· Real estate (commercial and residential)
Havana Asset Management Limited
· Investment management
Bravo S.A.
· Processed meat products (ham, sausages, etc.) for sale to customers with hard currency

SOURCE: Alfonso (1999) and individual S.A. Web pages.

As Naím points out, a corollary to Klitgaard's stylized corruption equation is that the deepening of democratization should have corruption-curbing effects.[33] Why, then, is there a perception that corruption has been rampant in countries transitioning from

[33] Naím (1995, p. 251).

authoritarian, centrally planned regimes to democratic, market economies?

One explanation for this phenomenon is that, in the absence of strong institutions, democracy and free markets provide more, and more-visible, opportunities for corruption than those present under authoritarian rule. Under the latter, corruption can be more institutionalized, controlled, and predictable. Naím argues that a well-organized dictatorship can provide "one-stop shopping" for corruption services, whereby the right amount of money given to the right official will take care of all needed interventions. Under this system, bribetakers under the control of an authority (either the authoritarian leader or a political party) collude and keep their actions out of the public's view. In contrast, under a democratic system, the central government's control over the providers of bribery services is diluted, and corrupt officials compete for bribes, resulting in a process that is more visible to the public than it would be under authoritarianism.

Particularly during the early stages of the transition, as the "old" national institutions of authoritarianism are being torn down and decentralization, privatization, and the opening of the economy to international participation are taking place, there are opportunities for corruption to explode. New institutions promoting good governance have not yet taken hold. As Glynn, Kobrin, and Naím have put it:

> Corruption in these emerging markets is doubly pernicious. First, it compromises the efficacy and efficiency of economic activity, making the transition to free market democracy more difficult. Second, and equally important, corruption distorts public perceptions of how--and how well--a proper market economy works. Under such circumstances it becomes all too easy for economically beleaguered publics to confuse democratization with the corruption and criminalization of the economy--creating fertile soil for an authoritarian backlash and engendering potentially hostile international behavior by these states in turn.[34]

It is probably fair to argue, however, that democratic regimes, over the long run, engender more-powerful antibodies against corruption than do authoritarian systems under which political liberties are

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[34] Glynn, Kobrin, and Naím (1997, p. 10).

stifled.[35] This possibility, however, may be hindered by the lack of transparency that characterizes Cuba.

Lack of Transparency

Nobel laureate in economics Joseph Stiglitz, in his Oxford Amnesty Lecture, argues that "there is, in democratic societies, a basic right to know, to be informed about what the government is doing and why." He further argues that there should be a strong presumption in favor of transparency and openness in government. Thus, secrecy gives those in government exclusive control over certain areas of knowledge, thereby increasing their power and making it more difficult for even a free press to check that power. In short, Stiglitz argues, a free press is necessary for a democratic society to work effectively; without access to information, a democratic society's ability to perform its central role is gutted.[36]

Transparency, openness, the right to know, free speech, and a free press provide checks on the power of the government and prevent it from abusing power. Secrecy, the antithesis of democracy, shelters bad government, misallocation of resources, illegal behavior, and corruption. Amartya Sen, also a Nobel laureate in economics, has observed that famines do not occur in societies in which there is a free press: It is not the lack of food in the aggregate that gives rise to famines, but the lack of access to food by the poor in famine regions. A free press exposes these problems; once exposed, the failure to act is absolutely intolerable.[37]

Socialist societies are notorious for their secrecy and for their leaders' and governments' lack of accountability. The population in socialist societies is subservient to the Communist Party and to the government. Because there are no free elections, whatever legislative bodies might exist are merely instruments of the leadership. Government decisions are made behind closed doors, in ways that are not knowable to the population. There is no public right to know. The press and, more

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[35] Glynn Kobrin, and Naím (1997, p. 11).

[36] Stiglitz (1999).

[37] Stiglitz (1999).

broadly, all forms of media are under the direct control of the state and express the official views of the state in their reporting and editorial opinions. Civil society is very weak: The main mass organizations are controlled by the state. Institutions of independent civil society are rare; those that do exist have very little political leeway in which to operate. (For an extended discussion of the inability of a civil society to take root in Cuba, see Appendix A of this report.)

Socialist Cuba scores very high in secrecy and opaqueness. The primacy of the Cuban Communist Party is well established in Article 5 of the 1976 Constitution, which states that "the Cuban Communist Party, *martiano* and Marxist-Leninist, organized vanguard of the Cuban nation, is the supreme leading force of society and of the state. . . ." The Communist Party is unchallenged, and unchallengeable, in its decisionmaking. It reaches decisions behind closed doors and announces its decisions through the voice of government officials, often through Fidel Castro, who is at once Chief of State and Head of Government (President of the Council of State and President of the Council of Ministers), leader of the only political party in the country (First Secretary of the Cuban Communist Party), and commander-in-chief of the Armed Forces. As Damián Fernández has written,[38] "The decision-making process of the Cuban state is one of the blackest of the black boxes, mysterious and impenetrable."

This is not the place for a lengthy discussion about the closed nature of the Cuban government and the implications of such a system for Cuban governance. Instead, it may be more fruitful to illustrate how the lack of transparency and government accountability have affected decisionmaking about one narrow segment of government that has far-reaching consequences: environmental policy.

Closed Government Decisionmaking

Sound environmental decisionmaking requires a process that considers the numerous interests involved: economic gains versus environmental disruption, direct costs and benefits versus externalities, and short-term effects versus long-term effects. It also

[38] Fernández (1992, p. 53).

requires input from the public to identify specific ways in which potential decisions might affect their livelihood or their way of life. Public input is often collected through a process of advance notice and public hearings or some other culturally appropriate way.

The closed nature of government decisionmaking in Cuba can be illustrated with an example from the early 1990s: the construction of a *pedraplén*, a stone causeway that would link the island with Cayo Coco, an adjacent cay, where the construction of an international tourism facility was being considered.

Some environmentally friendly officials wanted to build the *pedraplén* using bridges spanning gaps between existing land masses, thereby permitting water circulation vital to the survival of marine species. David Collis, an analyst, reported the decisionmaking process that ensued, as follows:[39]

> The construction of these bridges was deemed too expensive by the Cuban government. Because an agreement could not be reached within COMARNA [the agency responsible for environmental stewardship], the decision was deferred to the Council of Ministers. An important official then intervened by pointing out that the planned road/bridge structure did not follow a direct route. He then proceeded to take out his pen and draw a straight line from Cayo Coco to the nearest point on the mainland. The design was adopted, and a straight, bermed road with intermittent underwater tunnels was constructed. Scientists argued that there were too few underwater tunnels to maintain natural water flows. Through negotiation, they were able to double the number of passages, a small victory considering their original opposition to the plan.

Lack of a Free Press

All Cuban mass media are owned and operated by the Cuban government, the Cuban Communist Party, or affiliated organizations. The Cuban government took over most newspapers and broadcast stations in 1959. In February 1961, only six daily newspapers were being published in La Habana compared with 16 in 1959. After 1963, *Granma*, the organ of the Central Committee of the Cuban Communist Party, patterned after the Soviet Union's *Pravda*, became the only newspaper in the country. Other

[39] Collis (1995, p. 2).

government-operated newspapers were created in the 1970s and 1980s to address special groups (workers, farmers, youth, military personnel) or geographic areas; most of them were shut down or their frequency of publication scaled back during the 1990s as a result of shortages of newsprint. According to the international organization Reporters Without Borders, the Cuban media "is subtly and effectively repressed so as to maintain the state's monopoly over information."[40]

In the 1990s, at significant personal risk, independent journalists began to challenge the government's monopoly over information. Although they are still unable to disseminate their dispatches within the island--because all media outlets are controlled by the government--these independent journalists file their reports abroad, via telephone. The foreign press carries many of the stories filed by independent journalists from the island.[41] In 1995, independent journalist Olance Nogueras Rofes reported about the nuclear power plant then being built in Juraguá, near Cienfuegos, as follows:

> Juraguá dances on a string of incredulity. Majestic, sacred, untamed, the nuclear power plant awaits the start-up of its first reactor, product of the collaboration between Russian strategies and the interests of multinational corporations, responding to the much-used slogan "The Project of the Century." . . . Within the mountains of cement of the plant grows the worst nuclear catastrophe of the Hemisphere. Therein lie horror, desolation, and suffering for millions of human beings and the genetic future of an entire region. Juraguá is a time bomb.[42]

Although the Cuban people--who, after all, would be most directly affected by a potential nuclear accident at the Juraguá plant--should have had the opportunity to be informed by this report and form an opinion about the safety of a nuclear power plant being built in their backyard, the government's control over the media prevented it. Thus, foreigners could read Nogueras Rofes's reporting, but not Cubans in the island. Meanwhile, the government-operated media sang the virtues of

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[40] Reporters Without Borders (2002).

[41] Among other press outlets in the United States, *El Nuevo Herald* often carries news reports filed by independent journalists residing on the island. The most complete source for reports by Cuban independent journalists is the Web site www.cubanet.org.

[42] Nogueras Rofes (1996).

nuclear power and the superb safety record of Soviet nuclear technologies. Meanwhile, a strong anti-nuclear movement exists in countries where a free press scrutinizes domestic activities and publishes relevant information from abroad. As a U.S. journalist who recently visited the island said about his Cuban counterparts:

> These are not journalists. . . . These are government public relations agents. . . . Regardless of how they try to spin it, they work for the state-owned media, TV, radio and newspapers--and they spew the official line of Fidel Castro.[43]

Weak Civil Society

The Cuban state does not permit--more accurately, it actively prevents--the creation and operation of independent organizations. Although the Associations Law (*Ley de Asociaciones*) purportedly guarantees the right of Cuban citizens to associate freely and form independent associations, in practice, according to Human Rights Watch,

> the law effectively bars the legalization of genuinely independent organizations. The law requires organizations to "coordinate" and "collaborate" with a state counterpart entity. Fulfilling this condition necessitates the group's subjugation to the government organization, by allowing a representative of the state entity to attend and speak at any planned or unplanned meetings; requiring the group to notify the government entity in advance of any publications; coordinating with the government entity regarding participation in any national or international event; regularly reporting to the government entity on its activities; and providing prior notice of the date and hour of any meetings or any other activities.[44]

The Cuban state uses the registration process to thwart the creation of independent organizations, because only those organizations that are authorized by the state can operate legally.

However, the state encourages citizen participation in officially sanctioned mass organizations, such as the Committees for the Defense of the Revolution (CDR), the Federation of Cuban Women (FMC), the Cuban Workers' Central (CTC), and the Union of Communist Youth (UJC).[45] As

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[43] Curry (2002).

[44] Human Rights Watch (1999).

[45] In fact, Article 7 of the Cuban Socialist Constitution of 1976 states, "The Cuban socialist state recognizes, protects and supports social mass organizations, such

del Aguila points out, participation in these organizations or their activities

> should not be equated either with individual or group autonomy or with genuine mass spontaneity. Participation . . . means discussing local affairs, doing volunteer work, receiving "guidance" from party officials, marching in the street against fellow citizens who choose to emigrate, attending mass rallies, and engaging in other revolutionary duties.[46]

In contrast with the organizations sanctioned by the state, there are myriad truly independent civic organizations seeking recognition to be able to operate legally on the island. These emerging organizations share several characteristics: They are small, they lack resources, and they operate illegally because they have not sought the required registration from the state or, if they have sought such registration, they have not received it. Thus, members risk the possibility of being harassed, fined, arrested, or imprisoned at any time for breaking the law. Because their actions are illegal, they also are hindered from receiving resources from abroad.

In the environmental area, the only independent organization known to exist was the Green Path Ecopacifist Movement (*Movimiento Ecopacifista Sendero Verde*), founded in 1980. *Sendero Verde* sought to restructure the Cuban political system to enhance ecological principles. Among the specific policies proposed by *Sendero Verde* were returning land to individual farmers and using solar rather than nuclear energy for electricity generation, a position that put it at odds with the Cuban government's push to promote nuclear power on the island. The leaders of *Sendero Verde* were arrested several times for their activities and left the island in 1991. It is not clear whether the

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as the Cuban Workers' Central, which includes in its ranks the fundamental class of our society, the Committees for the Defense of the Revolution, the Federation of Cuban Women, the National Association of Small Farmers, the Federation of University Students, the Federation of Mid-Level Students, and the Union of Cuban Pioneers, as well as others that originated from the historical class struggle process of our people and that represent specific interests of our citizens and incorporate them in the tasks of building, consolidating and defending socialist society." The revisions to the Constitution in 1992 maintained the same article, but dropped the listing of the specific mass organizations.

[46] del Aguila (1988, p. 181).

organization still exists in Cuba,[47] and no other independent environmental movement active in the island has been identified. This means that, unlike other countries where environmental organizations are active, take positions on environmental matters, and lobby local and national governments to pursue their interests, no such counterweight exists in Cuba. The government has carte blanche to take whatever environmental-policy action it desires.

Unaffordable Social Services and Pensions

Cuba has a long history of providing social services and pensions to its citizenry. A public elementary school system has been in place since the early days of the Republic, as has a system of public health services. Although there were serious differentials in the availability of social services between rural and urban areas, Cuba performed quite well in comparison with other countries in the region.[48] In 1957–1958, Cuba's performance in providing education, sanitation, health care, and social security to its citizens was among the three highest in Latin America. However, social-service facilities were concentrated in La Habana and in urban areas; the availability and quality of services dropped off significantly in rural areas.[49]

Cuba introduced a pension scheme in the 1920s, one of the first countries to do so, and pensions expanded significantly in the following decades. Before the 1959 Revolution, Cuba had one of the most developed pension systems among countries with a similar level of income. However, the pension system was fragmented into more than 50 autonomous programs, which covered certain groups of workers in urban areas and were subject to their own regulations and financing. Still, an estimated 55 to 63 percent of the population was covered by pension systems, although not the poorest segments of the population, such as rural workers, the self-employed, domestic servants, and the unemployed.[50]

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[47] Díaz-Briquets and Pérez-López (2000, p. 276).

[48] See Smith and Llorens (1998) for international comparisons of socioeconomic indicators in pre-socialist Cuba.

[49] Mesa-Lago (2000, p. 172).

[50] Pérez (1998, pp. 520–521).

After the 1959 Revolution, the Cuban government undertook a deliberate policy of expanding social services and reducing urban-rural differentials in the delivery of such services. Private schools, hospitals, and other health facilities were nationalized and taken over by the state. In 1961, the Cuban government launched a national campaign to eradicate illiteracy and began to build schools and educational facilities in rural areas. By 1962, the Cuban government had unified the different pension programs; in 1963, a new law broadened the pension system to cover all of the salaried workforce and made the financing of the system the direct responsibility of the state.

In the 1970s and 1980s, the Cuban government devoted a large share of the nation's resources to creating an infrastructure to provide social services to the population, and it expanded the delivery of such services. These investments resulted in dramatic improvements in social indicators, increasing literacy and school enrollment, increasing life expectancy, reducing infant mortality, and increasing availability of physicians, dentists, and hospital beds. At the same time, the pension system was expanded to cover agricultural cooperative members and the retirement requirements were eased (the retirement age was lowered to 60 years of age for men and 55 years of age for women), contributing to a tremendous increase in the number of pensioners. The ratio of active workers per pensioner, which was 14.7 in 1958, dropped to 7.2 in 1970, 5.2 in 1979, and 4.2 in 1990.[51]

As social services and pensions expanded, so did the cost to the state of providing them. Government expenditures on social services (education and health; social security, welfare, and culture; and housing and community services) ranged from 33 to 36 percent of the national budget in the 1960s and 1970s. Expenditures on social services climbed to 41 percent in 1982 and remained at above 40 percent for the 1980s, peaking at nearly 46 percent in 1988.[52] Arguably, Cuba could afford this very extensive safety net because of the huge financial assistance it was receiving from the former Soviet Union.

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[51] Mesa-Lago (2000, p. 396).

[52] Mesa-Lago (2000, pp. 352–353).

The economic crisis of the 1990s exposed the frays in Cuba's social safety net after the loss of Soviet assistance:[53]

- University enrollment declined by 56 percent in the period 1989–1998.
- Morbidity rates for six contagious diseases (chicken pox, hepatitis, syphilis, gonorrhea, tuberculosis, and typhoid) increased in 1994–1999.
- The daily supply of total calories fell by 6 percent, the daily supply of protein fell by almost 24 percent, and the daily supply of fat decreased by almost 28 percent, between 1970 and 1997.
- The real average pension declined by 48 percent in 1989–1998.
- The average pension in 2000 of 104 pesos per month was equivalent to $5 U.S.

The cost of social security (pensions, health care, and social assistance) has been climbing as a result of several factors: nearly universal coverage, very low retirement ages, the maturity of the pension scheme, and the aging of the population.[54] Social-security expenditures as a percentage of the gross national product rose from 10 percent in 1989 to 13 percent in 1999–2000 and are expected to continue to rise in the future. The state is covering the expanding deficit of the pension system out of current revenues.[55]

To complicate matters for the architects of a Cuban transition, Cubans opine, when asked, that they want to change the system of government and have freedom, democracy, and free markets, but they want to keep the achievements (*logros*) of the Revolution in the social services area.

The Cuban government does not permit private research organizations to conduct surveys to study the attitudes and behavior of the population. As a second-best alternative, in 1998–1999, U.S.

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[53] Mesa-Lago (2001, pp. 10–11).

[54] It is estimated that, by 2025, Cuba will have the oldest population of the Latin American region and that there will be two persons of productive age for every person of retirement age (Mesa-Lago, 2001, p. 10).

[55] Mesa-Lago (2001, p. 10).

researchers[56] interviewed 1,023 Cuban emigrés who had been in the United States less than three months, asking them a host of questions to solicit their opinions on a range of political and social issues. For the purposes of this report, the most relevant findings of the survey are as follows:

- Sixty-seven percent of respondents agreed with the proposition that the Revolution had improved education. Of these, 93 percent saw free education as a desirable feature of a Cuba of the future.
- Fifty-three percent of respondents had a favorable view of the health care offered to the population, whereas 90 percent opined that the greatest accomplishment was that health care was free.
- Fifty-five percent favored retaining some of the policies of the Revolution after the transition to a democratic, free-market Cuba. In fact, 90 percent of the respondents who had a favorable reaction to the educational system favored its continuation beyond the transition. On health services, whereas 98 percent of the respondents thought that a free market would lead to better-quality health care, 71 percent felt that the free health care should be maintained.

How might Cuba reconcile the reality of an unaffordable social-services system with the desire of the population to continue to receive the free social services to which they have grown accustomed? Developing a national consensus on a reasonable, affordable level of social services targeted at those who need them the most and identifying ways for those who can afford to pay for their own in the marketplace will be a major challenge of the government of a Cuba in transition.

CONCLUDING REMARKS

Over the past four decades, Cuba has made remarkable strides in adopting the key institutions and practices that characterized socialist societies. Cuba's diligence in becoming a socialist nation, its

[56] Roberts et al., 1999.

eagerness in adopting socialist institutions, and its rigidity in applying orthodox socialist policies and practices do not augur an easy transition in the island. Transition planners would do well to recognize the many legacies of Cuban socialism so that they can counteract them effectively in the transition policies they design.

Anders Aslund and John Hewko, experts on the transitions in Central and Eastern Europe, have some advice for the architects of the Cuban transition that is worth heeding.[57] They worry about the lack of understanding on the part of emigrés and foreign investors of the nature of Cuban society and the experiences of those who stayed. They worry about the potential for painful misunderstandings and clashes. In view of their experience in Central and Eastern Europe, they write,

> Emigrés and foreign advisers arriving with a can-do swagger and the confidence that they "know it all" often failed to understand how society functioned. Under communism people may have forgotten how to work and never learned to use a credit card, but they were bright and had pride. The combination of local pride and emigré arrogance excluded all but a handful of emigrés from prominent government positions. Without genuine humility, returning emigrés are not likely to succeed. An awareness of these problems helps to harness them.

Let us hope that the architects of the Cuban transition consider explicitly the legacies of socialism as they design long-term strategies that lead to freedom, democracy, and prosperity for the Cuban people.

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[57] Aslund and Hewko (2002).

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APPENDIX E

THE CUBAN SUGAR INDUSTRY AFTER THE TRANSITION[1]

By Jorge F. Pérez-López

Throughout the 20th century, sugar was the engine that powered the Cuban economy. Sugar production was the primary industrial activity and the main generator of foreign exchange, while the sugar industry was the largest single employer in Cuba. Particularly during the first two decades of the century, the sugar industry of the new Cuban nation expanded vigorously. Spurred by strong external demand for sugar during World War I, investors built additional productive capacity and promoted the immigration of thousands of laborers to cultivate and harvest sugarcane. Anticipating strong external demand for sugar, 11 new sugar mills were completed between 1921 and 1927, the last new mills built on the island for more than 50 years.

For the first 60 years of the 20th century, the price of sugar on the international market was the barometer of the health of the Cuban economy. Even though pre-Castro Cuba enjoyed a privileged situation, receiving preferential treatment for its sugar exports in the U.S. market, Cuba was such a prodigious sugar exporter that it also had to rely on sales to the volatile international market. When the international market price was high, the island experienced a (usually short-lived) period of economic prosperity, referred to as *vacas gordas* (fat cows); this period was invariably followed by a prolonged period of low sugar prices and *vacas flacas* (thin cows).

Sugar also shaped the political discourse, pitting those who supported the sugar industry and advocated policies to protect, temporarily, the industry until the next world-market price spike against those who argued for vigorous diversification of the economy. It also shaped international relations. Cuban governments sought trade

[1] This appendix was prepared for the RAND Corporation on July 2002. It solely expresses the personal views of the author. I am grateful to José Alvarez and Jonathan Coleman for their very helpful assistance and comments on an earlier draft.

agreements that created preferential markets abroad for Cuban sugar, even at the cost of potentially disadvantaging other areas of the economy.

For the first three decades of socialist rule--roughly, 1960 to 1990--Cuba was largely shielded from the vagaries of international sugar markets. The former Soviet Union and its socialist allies in Eastern Europe had an insatiable appetite for sweets, and they were willing to pay Cuba high and stable prices for sugar. Cuba thus became the designated sugar producer within the Council for Mutual Economic Assistance (CMEA or COMECON). Behind the protective walls of this socialist common market, Cuba expanded sugar production, shifting land from other crops to sugarcane production, and invested heavily to mechanize the harvest and refurbish sugar mills, including building eight new sugar mills in the 1980s.

The demise of CMEA in 1990 and the dissolution of the Soviet Union in 1991 left Cuba with a very large sugar industry that was heavily dependent on imported inputs--fertilizers, pesticides, fuels, equipment, and spare parts--and that was grossly inefficient. The industry was designed to serve a set of customers, the former socialist countries, that was not sensitive to price or conditions of sale. Suddenly, that set of customers no longer existed or had changed its ways and now responded to market considerations.

The economic crisis that has enveloped Cuba since the early 1990s, during the so-called *período especial en tiempo de paz* (or Special Period in Time of Peace), wreaked havoc on the sugar industry. Unable to afford imported inputs, Cuba has watched sugarcane output plummet. Despite radical organizational changes at the farm level (i.e., the transformation of state farms into cooperatives) and even the designation of a military officer to oversee the industry, an investment-starved sugar industry has failed to recover, becoming instead a drag on the economy. Unwilling to take politically unpopular action to downsize the industry by shutting down inefficient capacity, the Cuban government starting in the mid-1990s followed a policy of temporarily shutting down some of the mills, shifting the resultant economic hardships among affected communities throughout the country.

The costs of maintaining a sugar industry much larger than is justified by economic considerations became unsustainable as the government, in summer 2002, finally commenced the permanent shutdown of 71 out of 156 sugar mills.[2]

Notwithstanding its scaling down, what to do with the sugar industry is a key issue that will face Castro's successors. Prior to the mill closures, sugar represented an agro-industry complex that in 2002 comprised nearly half of land under cultivation, 156 sugar mills--many of which are the main source of employment in the areas where they are located--more than a dozen refineries, scores of plants producing derivatives, and a transportation infrastructure especially designed to transport massive amounts of sugarcane to mills and raw sugar to warehouses and, eventually, to export facilities.

How policymakers address the challenge of restructuring the sugar industry to face the economic environment of the 21st century may well determine the success or failure of their political program.

The challenges presented by the restructuring of the Cuban sugar industry are many and complex. The purpose of this appendix is to begin to frame some of these challenges as a way of stimulating discussion by experts in the many fields that are relevant to the restructuring of the industry. The first section of this appendix presents a snapshot of the Cuban sugar industry at the turn of the 20th century, providing the most recent statistical information on key aspects of the industry. The second part examines the international environment that the Cuban sugar industry will face after the transition, including the new rules governing international trade in sugar emerging from the Uruguay Round of Multilateral Trade Negotiations and beyond. The third part addresses some of the restructuring issues and presents some alternatives that might be worth considering in more detail. The appendix closes with some tentative conclusions on the role of the sugar industry in Cuba's future and identifies issues for further analysis.

[2] González Raga (2002); Frank (2002); de Cordoba (2002).

THE STATE OF CUBA'S SUGAR INDUSTRY

Now at the beginning of the 21st century, the Cuban sugar industry is in the doldrums, stuck in a vicious cycle of low sugarcane production, low sugar production, low sugar export revenue, and lack of convertible-currency funds to finance the inputs needed to support higher production levels.

As with other sectors of the economy, Cuba's sugar industry is starved for capital to finance imports of raw materials, machinery, and equipment and to modernize. A case can be made that the sugar industry's capital starvation is more acute than for other sectors of the economy (such as mining and tourism) because the Cuban government has banned foreign investment in sugar production as a political matter.[3] The only capital that the industry has been able to raise has been short-term loans to finance imports of fertilizers and other inputs, with repayment guaranteed with specified amounts of sugar production. These loans have been insufficient to meet the industry's current needs, let alone to modernize, and the onerous terms they carry have caused serious repayment problems.[4]

Cuban authorities have reacted to the industry's difficulties by letting a significant share of industrial production capacity sit idle.[5]

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[3] The 1995 foreign investment law permits foreign investment in the form of joint ventures in all areas of economic activity except health and educational services and national defense (excluding the commercial network of the armed forces). Nevertheless, Fidel Castro has stated that sugar mills will not be owned by foreigners, de facto placing the sugar-production industry out of bounds for foreign investment. Foreign investment in sugar derivatives *is* allowed, and there is at least one joint venture with a Spanish investor, *Alcoholes Finos de Caña, S.A.* (Alfinsa), located in Aguada de Pasajeros, in the province of Cienfuegos, which produces high-quality alcohol from the molasses of several mills in the Cienfuegos and Villa Clara provinces ("Inauguranueva moderna destilería," 2000). Investment-promotion materials issued by the Cuban government (e.g., Centro de Promoción de Inversiones, 2001) usually list many of the sugar-derivatives plants as available for joint ventures with foreign partners, but interest by foreign investors has been very limited.

[4] The loans that the Cuban sugar industry have received are short-term (one year) and at high interest rates. So far, no foreign investment has been allowed in the sugar production industry; foreign investments have been limited to some joint ventures to sell Cuban sugar abroad or to produce byproducts (e.g., alcohol).

[5] Reportedly, 116 mills operated in the 1997–1998 *zafra* (Alvarez and Peña Castellanos, 2001, p. 102) and 110 in the 1998–1999 *zafra* (Comisión Económica para

This strategy has resulted in very high costs to the state budget in payments to temporarily dislocated workers,[6] as well as in significant opportunity costs because the sugar industry uses a large share of the nation's productive capacity: agricultural land, cultivation and harvesting equipment, industrial plants, transportation equipment, and workforce. Although the sugar industry reportedly has the capacity to process 100 million tons of sugarcane and produce 10 million tons of sugar per year,[7] sugar-production levels in the two most recent *zafras* (harvests)--2000—2001 and the just-ended 2001—2002 campaign--were in the 3.5—3.6 million ton range.[8] In the following subsections, I discuss the status of each of the components of the nation's productive capacity listed above.

Agricultural Land

Between 1981 and 1990, Cuban investment in the agricultural sector amounted to 7,900 million pesos, roughly 20.3 percent of overall state investment in the economy. Meanwhile, investment in sugarcane agriculture amounted to 2,400 million pesos.[9] The latter investment supported the expansion of sugarcane cultivation into areas with soils requiring the use of heavy equipment in their preparation and high levels of application of fertilizers and irrigation.[10] In the second half of the 1980s, Cuba produced on average almost 71 million tons of sugarcane per year, and yields averaged more than 51 tons of sugarcane per hectare (see Table E.1).

América Latina y el Caribe [CEPAL], 2000, p. 269). The just-ended 2001—2002 *zafra* was reportedly conducted with 104 sugar mills (Varela Pérez, 2002).

[6] During the Special Period, Cuba issued emergency laws and regulations to assist workers dislocated from their jobs because of the economic crisis. This assistance included payments in the range of 60 to 100 percent of their former salary for a specified period of time. See Díaz-Briquets and Pérez-López (1994). It is not clear whether these same regulations have been applied to workers dislocated from the sugar industry or new regulations have been issued specific to these workers.

[7] CEPAL (2000, p. 361). The potential sugar cane production of 10 million tons cited by CEPAL would require a longer harvest period, which is not estimated in the CEPAL study.

[8] Varela Pérez (2002).

[9] Alvarez and Peña Castellanos (2001, pp. 12—13).

[10] CEPAL (2000, p. 359).

Table E.1
Cuban Sugar Production Statistics, 1970-2000

Crop Year	Sugarcane Production (million MT)	Sugarcane Yield (MT/ha)	Raw Sugar Production (million MT)	Industrial Yield (%)
1969–1970	79.5	55.5	8.54	10.71
1970–1971	51.4	41.4	5.92	11.49
1971–1972	43.4	37.2	4.32	9.96
1972–1973	48.1	44.7	5.16	10.87
1973–1974	50.3	45.3	5.82	11.73
1974–1975	52.3	44.1	6.20	12.21
1975–1976	53.7	43.7	6.04	11.63
1976–1977	60.3	52.7	6.37	11.34
1977–1978	69.6	55.9	7.22	10.76
1978–1979	77.2	54.9	7.84	10.74
1979–1980	63.9	44.2	6.52	10.78
1980–1981	66.5	53.0	7.20	11.08
1981–1982	73.0	53.4	8.03	11.17
1982–1983	69.6	55.0	6.95	10.35
1983–1984	77.3	55.8	8.03	10.47
1984–1985	67.3	49.0	7.82	11.99
1985–1986	68.4	50.1	7.09	10.62
1986–1987	70.7	48.0	6.95	10.64
1987–1988	67.5	51.7	7.42	10.85
1988–1989	73.9	54.5	8.12	10.83
1989–1990	74.4	52.0	8.04	10.65
1990–1991	71.0	49.1	7.62	10.59
1991–1992	65.4	44.7	7.01	10.57
1992–1993	42.9	35.3	4.30	9.85
1993–1994	43.2	34.6	4.00	9.20
1994–1995	33.6	28.5	3.33	9.90
1995–1996	41.3	33.2	4.45	10.80
1996–1997	38.9	31.2	4.25	10.90
1997–19-98	32.8	31.3	3.23	9.90
1998–1999	34.0	34.1	3.78	11.1
1999–2000	36.3	35.6	4.06	11.7

SOURCES: Alvarez and Peña Castellanos (1995, pp. 348–362); Alvarez and Peña Castellanos (2001); and Oficina Nacional de Estadísticas (ONE) (2001).

NOTE: million MT = million metric tons; MT/ha = metric tons per hectare.

At the end of 1997, the most recent year for which these data are available, Cuba devoted 1,769,700 hectares, 67.6 percent of the 2,606,100 hectares in permanent crops, and 47.8 percent of all cultivated land to sugarcane (see Table E.2). The area devoted to sugarcane in 1997 dwarfed the area devoted to other crops, such as pastures (366,200 hectares, or 9.9 percent of total cultivated land), rice (224,500 hectares, or 6.1 percent), and coffee (141,200 hectares, or 3.8 percent).

In 1997, the vast majority of sugarcane lands (1,287,000 hectares, or 72.7 percent) were held by *Unidades Básicas de Producción Cooperativa* (Basic Units of Cooperative Production, UBPCs), a new form of agricultural organization created in 1993 from the breakup of state farms. Although UBPCs do not own the land they farm, they can work it for an indefinite period of time, can dispose of their output as they wish (after certain sales are made to the state), and can purchase production inputs on credit, provided credit is available. Sugarcane UBPCs are not permitted to reduce or increase the area devoted to sugarcane unless expressly authorized by the *Ministerio de la Industria Azucarera* (Ministry of the Sugar Industry, MINAZ).[11]

The creation of the UBPCs radically changed the landscape of land tenure in Cuba, particularly with respect to sugarcane agriculture. In 1989, 1,665,800 hectares, or 84.1 percent, of sugarcane lands were in state farms.[12] By 1996, 1,288 sugarcane UBPCs were in operation, producing more than 70 percent of sugarcane output.[13] Although all

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[11] Alvarez and Peña Castellanos (2001, p. 46).

[12] CEE (1991, p. 186).

[13] The UBPCs are currently working about 73 percent of the total Cuban acreage in sugar cultivation.

Table E.2
Cultivated Land, by Crop and Form of Land Tenure, as of December 31, 1997 (in thousand hectares)

			Nonstate					
	Total	State	Total	UBPC	CPA	CCS	Private Farmers	Other
Cultivated land	3,701.4	902.6	2,798.8	1,739.4	371.8	474.7	163.9	49.0
Permanent crops	2,606.1	562.8	2,043.3	1,551.2	279.4	164.6	35.8	12.3
Sugarcane	1,769.7	197.8	1,571.9	1,287.0	218.1	57.9	8.8	0.1
Coffee	141.2	34.3	106.9	30.8	20.1	39.6	6.8	9.6
Cocoa	9.2	1.1	8.1	2.4	1.2	3.9	0.2	0.4
Bananas	123.0	56.6	66.4	29.2	13.0	16.4	7.0	0.8
Citrus	92.9	41.1	51.8	38.5	3.8	7.8	1.4	0.3
Fruits	84.3	29.4	54.9	16.8	9.1	22.7	5.8	0.5
Pastures	366.2	189.0	177.2	144.9	13.5	13.8	4.7	0.3
Other	19.6	13.5	6.1	1.6	0.6	2.5	1.1	0.3
Annual crops	1,089.4	355.3	754.1	187.4	92.1	309.8	128.1	36.7
Rice	224.5	117.9	106.6	65.1	14.8	17.8	6.5	2.4
Various crops	688.1	188.7	499.4	103.6	63.6	226.2	83.9	22.1
Tobacco	66.8	8.0	58.8	5.1	10.1	31.5	1.9	10.2
Fodder	10.3	4.4	5.9	4.5	0.3	0.9	0.2	0.0
Other annual crops	99.7	16.3	83.4	9.1	3.3	33.4	35.6	2.0
Nurseries and seedlings	5.9	4.5	1.4	0.8	0.3	0.3	0.0	0.0

SOURCE: Oficina Nacional de Estadísticas (2001, p. 196).

NOTES: UBPC = *Unidades Básicas de Producción Cooperativa*, Basic Units of Cooperative Production; CPA = *Cooperativas de Producción Agropecuaria*, Agricultural Production Cooperatives; CSS = *Cooperativas de Crédito y Servicios*, Credit and Services Cooperatives.

UBPCs, regardless of their specialization, have faced serious operational difficulties, and most have not succeeded in generating profits, the performance of sugarcane UBPCs has been particularly lackluster. Thus, in 1996, only 15 percent of sugarcane UBPCs were profitable, compared with 49 percent of those producing fruits and 48 percent of those producing citrus products.[14]

Sugarcane production fell markedly in the 1990s (see Table E.1). For the 1988–1991 *zafras*, Cuba produced on average 73.1 million tons of sugarcane per year. By comparison, in 1994–1995 sugarcane production was only 33.6 million tons, 54 percent below the 1988–1991 average, and in 1997–1998, sugarcane production was only 32.8 million tons, almost 56 percent below the 1988–1991 average. Although sugarcane production bounced back somewhat in the next two years, in the 1999–2000 harvest it reached only 36.3 million tons.

Among other reasons, the low sugarcane-production yields in the 1990s were the result of the application in the 1980s of the state's Extensive Growth Model, which promoted depopulation of sugarcane lands and cultivation of new areas. This model also relied on the heavy application of fertilizers, herbicides, and pesticides, which were readily imported from the former Soviet Union and the socialist countries of Eastern Europe through the 1980s but which were scarce in the 1990s.

Cultivation and Harvesting Equipment

In 1990, nearly half of the stock of agricultural tractors in the country (37,990 units) was used for sugarcane cultivation and harvesting. Sugarcane cultivation and harvesting also utilized more than 3,000 plows, a like number of subsoilers, about 8,000 planters, and about 4,000 self-propelled harvesters. It also marshalled more than 35,000 carts for transporting cut sugarcane from fields to collection and cleaning centers (*centros de acopio*) and ultimately to the mills.[15]

Since 1977, Cuba has built sugarcane harvesters for domestic use and occasional exports at a dedicated facility, the *60 Aniversario de la*

[14] Messina (1999, pp. 437–438).

[15] CEPAL (2000, p. 357).

Revolución de Octubre plant in Holguín, a turnkey plant imported from the former Soviet Union.

Industrial Plant

In 1959, when Castro's government took power, the sugar-production industry consisted of 161 mills and 21 refineries. The industry's basic capital stock was by then already quite old, although quite a bit of refurbishing of equipment had occurred. Eleven of the mills operating in 1959 were built in 1921—1927, 73 in 1902—1920, and the rest (77) before 1900.[16] In 1960-1961, nine small sugar mills were shut down and dismantled. Thus, for most of the 1960s and 1970s, the sugar industry complex consisted of 152 sugar mills.

In the 1970s and 1980s, Cuba expanded the sugar industry's industrial capacity, building the first sugar mills in the country since the 1920s. This expansion was part of a grandiose plan to increase sugar production to 11—12 million tons per year by 1990 and to 13—14 million tons per year by 2000, on the assumption that the former Soviet Union and the Eastern European socialist countries would purchase the output. Sugar production absorbed, on average, more than 20 percent of the investment in the industrial sector during this period.[17] Although as many as 15 new mills were planned, only eight were built. The new mills came online between 1980 and 1987.[18]

By the end of the 1980s, Cuba's raw-sugar-production industry consisted of 156 mills, with a combined grinding capacity of 647,200 tons per day, located throughout the island (see Table E.3). The sugar-

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[16] Pérez-López (1991, p. 37).

[17] Pérez-López (1991).

[18] The new mills are as follows: (1) Batalla de las Guásimas, Vertientes, Camagüey, completed in 1980, with a grinding capacity of 7,000 tons per day; (2) 30 de noviembre, San Cristóbal, Pinar del Río, completed in 1980, with a grinding capacity of 6,000 tons per day; (3) 5 de septiembre, Cartagena, Cienfuegos, completed in 1981, with a grinding capacity of 7,000 tons per day; (4) Grito de Yara, Granma province, completed in 1982, with a grinding capacity of 6,600 tons per day; (5) Jesús Suárez Gayol, Camagüey province, completed in 1983, with a grinding capacity of 7,000 tons per day; (6) Batalla de Santa Clara, Villa Clara province, completed in 1986, with a grinding capacity of 6,000 tons per day; (7) Mario Muñoz, Matanzas province, completed in 1986, with a grinding capacity of 5,400 tons per day; and (8) Majibacoa, Las Tunas province, completed in 1987, with a grinding capacity of 4,800 tons per day (Alvarez and Peña Castellanos, 2001, Appendix 1).

production sector controlled about 32 percent of all machinery and equipment in Cuban industry and over 35 percent of all electricity-generation machinery.[19]

In the first half of the 1980s, Cuba's raw sugar production averaged 7.61 million tons per year, slightly higher than the 7.52 million tons per year produced in the second half of the 1980s (refer back to Table E.1). Raw sugar production remained relatively high in the early 1990s, reaching 7.62 million tons in 1991 and 7.01 million tons in 1992. However, production plunged in 1993, to 4.3 million tons, a level that has been surpassed only once since then (4.45 million tons in 1996). In the first half of the 1990s, average annual production was 5.25 million tons and slightly under 4.0 million tons in the second half. In 2001 and 2002, production was in the 3.5—3.6 million ton range.

Table E.3
Sugar Mills by Province, 1990

Province	Number of Mills	Grinding Capacity (in thousands MT per day)
Pinar del Río	5	16.3
Ciudad de la Habana	1	5.0
La Habana	15	50.2
Matanzas	21	78.6
Villa Clara	28	81.7
Cienfuegos	12	42.5
Sancti Spíritus	9	35.3
Ciego de Avila	9	66.5
Camagüey	14	79.7
Las Tunas	7	57.7
Holguín	10	55.1
Granma	11	39.4
Santiago de Cuba	8	27.8
Guantánamo	6	12.1
Total	156	647.2

SOURCE: Based on Alvarez and Peña Castellanos (2001, pp. 123—126).

[19] Peña Castellanos (2002).

Industrial yield, the ratio of sugar produced to sugarcane milled, dropped in the 1990s. This indicator of efficiency averaged about 11.0 percent in the first half of the 1980s and averaged 10.0 percent in the first half of the 1990s. In 1994, it fell precipitously, to 9.2 percent (see Table E.1)--a fall that reflects the lack of coordination between sugarcane agriculture and industrial sugar production. Harvesting the sugarcane at a time other than the optimum or delaying deliveries of cut sugarcane to mills can affect the sugar yield from a given volume of sugarcane.

Refined Sugar and Derivatives Industry

In addition to its raw sugar production facilities, Cuba also has a large industrial capacity to produce refined sugar and derivatives. For most of the 20th century, "moving upstream" to develop an industry that relied on raw sugar as an input into higher value-added products has been an ongoing objective of sugar industry leaders and Cuban government officials. Realizing this concept of diversifying production to reduce dependency on a single export commodity has been very difficult. Therefore, the weight of refined sugar and derivatives within the economy is very small compared with that of sugar production.

According to Alvarez and Peña Castellanos,[20] in the mid-1990s Cuba had 17 sugar refineries with a daily refining capacity of 6,000—7,000 tons; five factories that produced pulp and paper from bagasse (sugarcane residue) and several that produced bagasse boards; 16 alcohol distilleries with installed capacity of 8,950 hectoliters per day; 23 plants that produced yeast for animal feed or for human consumption; scores of plants that produced animal feed from sugarcane waste products and from by-products of the sugar-production process; and several plants that produced other sugar derivatives. Most of these plants worked in conjunction with one or more sugar mills, and their economic feasibility depended on their being near mills or sugarcane-production areas.

[20] Alvarez and Peña Castellanos (2001, pp. 108—112).

Transportation Infrastructure

The bulkiness of inputs and outputs, the imperative to transport sugarcane to the mills in a timely fashion to maximize industrial yield, and the necessity of moving the lion's share of the output to ports for export make transportation infrastructure a critical factor in Cuban sugar production and marketing. The railroad traditionally has been the industry's preferred mode of transportation, although road transportation has gained in importance in recent years.

In the early 1980s, Cuba's sugarcane and sugar transportation systems controlled some 9,000 kilometers of railway, about 70 percent of the nation's 13,200 kilometers of railway. The rolling stock of the industry consisted of more than 800 locomotives and 23,000 railroad cars. In 2000, 923 locomotives and 31,140 railroad cars were outside of the public passenger-and-cargo railway transportation system,[21] most of them, presumably, dedicated to the sugar industry. Cuba also has extensive sugar warehousing and shipping facilities, including seven sugar bulk-shipping terminals. At the end of the 1990s, 65 percent of the nation's cargo-transportation equipment and infrastructure were controlled by the sugar industry.[22]

Labor Resources

In 1981 the Cuban sugar industry employed about 380,000 workers--271,198 in agricultural activities and 107,327 in industrial activities.[23] The number of workers in the sugar agro-industry reportedly was 350,000 in the 1980—1985 period and 380,000 in 1988.[24] Referring to the end of the 1990s, Cuban expert Lázaro Peña Castellanos stated that the sugar agro-industry directly employed 460,000 workers and indirectly[25] an

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[21] Oficina Nacional de Estadísticas (ONE; 2001, p. 237).

[22] Peña Castellanos (2002).

[23] Pérez-López (1991, p. 56).

[24] Alvarez and Peña Castellanos (2001, p. 53).

[25] Peña Castellanos (2002) does not define *workers who are employed indirectly by the sugar industry.* Presumably, they include both those in upstream industries that are direct suppliers to the sugar industry (e.g., producers of fertilizers or metalworkers producing combines) and in downstream industries (such as dockworkers loading ships that export sugar or those producing sugar derivatives).

additional 1.5 million workers, for a total of nearly 2 million workers, or more than half of the total employed population.[26]

Employment in the sugar agro-industry is distributed throughout the country. As shown in Table E.3, sugar mills are located in each of the country's 14 provinces, although they are concentrated in the central provinces of Matanzas and Villa Clara. The mills tend to be the center of economic life in their communities, many of which grew up around the mills.

A vivid example of the impact of mill closures on rural communities is provided by a news article about the Chile sugar mill in Santiago de Cuba province.[27] The Chile mill, formerly known as Santa Ana, is located in the community of Chile (formerly Santa Ana), a rural community with a population of 300 to 1,000 inhabitants in 1970. The mill is about 10 kilometers from the town of San Luis, which had a population of more than 10,000 persons in 1970. According to the news article, MINAZ directed that the Chile mill not operate during the just-ended 2001—2002 sugar harvest, the first time that the mill had been idle since it was founded in 1854. The 2,000 workers affected by the shutdown were either shifted to other mills or reassigned to jobs in agriculture. Mill management stated that they are retraining the workers for agricultural jobs should the government ultimately decide to shut down the mill permanently. The idleness of the mill has affected the mill's workforce deeply, with one of the managers stating, "We are so closely connected with the sugar production process that to stop what we have been doing is very painful."

THE INTERNATIONAL ENVIRONMENT

The future of Cuba's sugar industry will depend on its ability to compete in the world market. In this section, I discuss the nature of that market, Cuba's place in it, and the increasing pressures for liberalization of international trade in sugar.

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[26] According to official statistics, total civilian employment in 2000 was 3,843,000 workers (ONE, 2001, p. 116).

[27] "Cierre de un central . . ." (2002).

The two most important sources of processed sucrose, the processed carbohydrate generally referred to as sugar, are sugarcane and sugar beet. Sugarcane has been the prime source of sucrose for more than a millennium; sugar beets were not economically important as a source of sucrose until the middle of the 19th century.[28]

Because sugar-producing crops can be grown in both tropical climates (e.g., in the case of sugarcane) and temperate climates (e.g., in the case of sugar beets), sugar production is geographically dispersed and occurs in nearly 200 nations.[29] However, a relatively small number of countries dominates total production: the top-ten sugar-producing countries (with the European Union [EU] collectively regarded as one producing unit) accounted for 71 percent of world output in 1999.[30]

Nations that produce sugar tend to protect their domestic industries, often subsidizing high-cost producers. According to a sugar industry expert, at the end of the 1990s the cost of producing sugar from beets was approximately 70 percent higher on average than producing it from sugarcane.[31] The sugar-production industries of the European Union, and a significant portion of the U.S. industry, are based on sugar beets.

Sugar tends to be consumed where it is produced. In 1999, only about 29 percent of world sugar production entered world trade, the remainder being consumed where it was produced. Indeed, sugar exports are concentrated in a few large exporting countries, the top-five sugar exporters in 1999 accounting for 73 percent of such exports, including the EU.[32]

A long-standing practice in international sugar trade has been multiyear bilateral arrangements between exporters and importers stipulating quantities and/or prices of sugar exchanges. These

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[28] Mintz (1986, p. 19).

[29] U.S. International Trade Commission (USITC; 2001, p. 48).

[30] In descending order of importance, Brazil, the European Union, India, China, the United States, Thailand, Mexico, Australia, Cuba, and Pakistan.

[31] Hannah (2000b).

[32] In descending order of importance, Brazil, the European Union, Thailand, Australia, and Cuba.

arrangements have tended to benefit both importers by assuring them access to supplies and exporters by stabilizing revenues over time at prices more favorable than those prevailing in the open market. The tendency toward domestic consumption (which results in much smaller percentages of sugar being traded than are produced), coupled with the strong preference on the part of exporters for selling their output through preferential arrangements, shapes the world market or free market into a residual market, subject to wild price swings.

Cuban Sugar Exports

Unlike other large sugar producers, such as the EU and India, which have high domestic sugar consumption, Cuba's relatively small domestic sugar market means that the bulk of its production is exported. The island's consumption of sugar has been estimated at 650,000 to 800,000 tons per year.

In the first half of the 1980s, Cuba exported on average 7.16 million tons of sugar per year, more than 94 percent of its production during this period (see Table E.4). Cuba's performance during the second half of the 1980s was similar, with exports averaging about 6.89 million tons, about 92 percent of production.

It bears recalling that, in the 1980s, Cuba enjoyed a highly beneficial sugar-trading relationship with the former Soviet Union and the other members of COMECON, whereby Cuba was able to export very large volumes of sugar to the socialist bloc at prices several times higher than those of the world market. This relationship resulted in huge transfers of funds from the Soviet Union and other socialist countries to Cuba. It also distorted Cuba's internal economy, because no other allocation of resources could generate as high a return on investment as sugar.

With the loss in the early 1990s of the protected markets provided by the socialist countries and the sharp decline in production discussed earlier, Cuba's sugar-export performance also deteriorated. In the first half of the 1990s, Cuba exported an average of 4.446 million tons of sugar per year, and 3.30 million tons per year in the second half of the

Table E.4
Cuban Sugar Production and Exports, 1970-2000

Year	Raw Sugar Production (in million MT)	Exports (in million MT)	Exports as a Percentage of All Production
1970	8.54	6.906	80.9
1971	5.92	5.511	93.1
1972	4.32	4.140	95.8
1973	5.16	4.797	92.7
1974	5.82	5.491	94.3
1975	6.20	5.744	92.6
1976	6.04	5.764	95.4
1977	6.37	6.239	97.9
1978	7.22	7.231	100.2
1979	7.84	7.269	92.7
1980	6.52	6.191	95.0
1981	7.20	7.072	98.2
1982	8.03	7.743	96.4
1983	6.95	6.792	97.7
1984	8.03	7.017	87.4
1985	7.82	7.182	91.8
1986	7.09	6.703	94.5
1987	6.95	6.482	93.3
1988	7.42	6.978	94.0
1989	8.12	7.123	87.7
1990	8.04	7.172	89.2
1991	7.62	6.767	88.8
1992	7.01	6.085	86.8
1993	4.30	3.662	85.2
1994	4.00	3.188	79.7
1995	3.33	2.603	78.2
1996	4.45	3.830	86.1
1997	4.25	3.571	84.0
1998	3.23	2.566	79.4
1999	3.78	3.136	83.0
2000	4.06	3.419	84.2

SOURCES: Pérez-López(1991); Alvarez and Peña Castellanos (2001); and ONE (2001).

NOTE: MT = metric tons.

1990s (see Table E.4). Sugar exports may not have reached 3 million tons in 2001, and they probably again fell under 3 million tons in 2002.

International Sugar Prospects

Faced with increasing competition on the world market, the prospects for Cuba's sugar industry in the 21st century are far from promising. On the demand side, sugar industry analysts see the continuation of the trend established in the 1970s of stagnating demand in developed countries and moderate growth in demand in developing countries, for an overall consumption growth of about 2 percent per year. Interestingly, analysts see the growing importance of developing countries in the sugar trade as a stabilizing factor for world-market prices: Unlike developed countries, developing countries are more sensitive to price and adjust the quantity they purchase to prevailing prices. This is potentially a market-stabilizing development that may improve the ability of producers to plan their investments and obtain reasonable rates of return, but it will do away with the price spikes that at times greatly benefit producers.

Another factor that will probably prevent world sugar prices from rising is competition from other sweeteners. In particular, high-fructose corn syrup (HCFS) can compete with sugar (particularly in industrial uses) and can take market share away from sugar if the price of sugar rises above the price of HFCS, currently estimated at about $0.14 per pound.[33] In the longer term, better and cheaper noncalorific sweeteners may become more attractive to developing countries and could displace sugar from these growing markets.

On the supply side, the main concern is Brazil's production levels and the potential for Brazilian sugar to displace traditional world-market suppliers. Brazilian sugar production rose sharply in the second half of the 1990s, from 12.5 million metric tons in 1995 to more than 17.1 million metric tons in 2000. As part of its plan to increase production of alcohol to substitute for other fuels or to blend with gasoline, Brazil has planted huge areas with sugarcane. Whether the sugarcane is used for production of alcohol or sugar depends on many

[33] Hannah (2000a).

variables, chief among them the international price of oil, the international price of sugar, and government policies that regulate the substitution of alcohol for oil. According to industry experts, the break-even point in sugar production in Brazil's Center-South region is $0.5-$0.6 per pound, a much lower cost structure than that of even the most-efficient exporters (i.e., Australia, Guatemala, and Thailand).[34]

International Trade Liberalization

After many years of exclusion from trade-liberalizing multilateral trade negotiations, agriculture was an integral part of the Uruguay Round of Multilateral Trade Negotiations, which began in 1986 and concluded in 1993 under the auspices of the World Trade Organization (WTO). The result was the Agreement on Agriculture, a broad arrangement that established disciplines in the areas of market access, domestic supports, and export subsidies for agricultural commodities, including sugar. Additional liberalization of trade in agricultural commodities, including sugar, is likely to emerge from the new round of Multilateral Trade Negotiations launched in November 2001 in Doha, Qatar, and expected to be completed by January 1, 2005. The net effect of these agreements has been to increase the competition in the world market for sugar--a trend that is expected to continue.

The Uruguay Round of Multilateral Trade Negotiations led to the Agreement on Agriculture, which was completed in December 1993 and which took effect in 1995. Some of the Agreement's provisions were phased in over a six-year period for developed countries and over ten years for developing countries. With respect to trade in sugar, the main elements of this agreement were as follows:[35]

- *Reduction in export subsidies by developed countries:* Export subsidies of developed countries were to be reduced by 36 percent by value and 21 percent by volume of exports. The EU, a heavy subsidizer of sugar exports, would have to significantly reduce exports of sugar at subsidized prices.

[34] Hannah (2000a).

[35] Polopolus, Alvarez, and Messina (1994).

- *Tariffication of nontariff barriers and reductions in tariffs:* Import quotas and other nontariff barriers would be first converted to tariffs (*tariffication*); these tariffs would then be reduced by 36 percent by developed countries and by 24 percent by developing countries for all commodities, with a minimum reduction of 15 percent (10 percent for developing countries) for each commodity. As a result of tariffication, the United States set an over-quota tariff for raw sugar at about 17 cents per pound, to be reduced by 15 percent (to about 15 cents per pound) by 2000. The United States also replaced its quotas for sugar-containing products with tariff-rate quotas and reduced the tariff by the required 15 percent over six years. Other significant importing countries that reduced tariffs on sugar-containing products were Japan, the Philippines, and Thailand.
- *Minimum market access:* Parties to the Agreement on Agriculture were initially required to establish a minimum access for imports of 3 percent of domestic consumption, rising to 5 percent over six years.

Freer global trade in sugar has the potential to benefit both sugar producers and consumers. On the basis of a model of world sugar production and trade, the Australian Bureau of Agricultural and Resource Economics (ABARE) predicted that the removal of sugar-market–distorting policies, including government support measures that keep domestic prices above world-market prices, would result by 2005 in

- a 5–41 percent increase in the world-market price for sugar, depending on the extent of market liberalization
- increased revenues for producing countries, many of which are developing countries that currently sell their sugar at artificially low prices because of market distortions
- lower prices for sugar consumers--a projected savings of $4.8 billion for consumers in the United States, the EU, and Japan alone.[36]

[36] ABARE (1999).

There will be winners and losers from freer trade in sugar. ABARE is emphatic on one set of winners: "Clear winners would be producers in low costs producing industries who would receive improved prices for their sugar and be able to raise output to their economic benefit."[37]

An international sugar analyst opines that, coming on the heels of the Uruguay Round, the inclusion of agriculture in the new round of trade negotiations launched in Doha means that there will be great pressure for additional trade liberalization regarding sugar. This is particularly so because tariff levels for sugar are generally much higher than the average level for agricultural commodities; in addition, pressures appear to be building for reform of sugar policies in the United States and in the European Union, the key players in sugar trade liberalization.[38]

RESTRUCTURING THE CUBAN SUGAR INDUSTRY

As discussed above, Cuba's sugarcane grinding capacity in its 156 sugar mills has been deemed sufficient to process 100 million tons of sugarcane and produce 10 million tons of sugar per year. From the supply side, the crucial constraint on Cuba's sugar production has not been industrial processing, but rather agriculture--i.e., the ability to produce the requisite volumes of sugarcane. Agricultural production, in turn, is a function of agricultural organization; capacity to import fertilizers, herbicides, pesticides, spare parts for machinery, and fuel; weather; and cultivation cycles. As sugar expert Alfredo Blanco has put it,

> Sugar production in Cuba during the 20th century has never been curtailed by the industrial capacity. It is easy to increase the cane grinding rate on short notice in such a manner as to process any expansion of the cane supply within the normal harvesting season. . . . In contrast, augmenting cane quantity takes years from planting to harvesting, with weather vagaries ever present.[39]

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[37] ABARE (1999, p. 87).

[38] Jolly (2001).

[39] Blanco (1996, p. 253).

From the demand side, the key issues are: At what price can Cuba produce sugar? And who will be the buyers? In addition, a central issue to be addressed is: What alternatives to sugar production are there that could productively use the massive resources currently devoted to the sugar industry?

Cuban Sugar and the U.S. Market

A key question for the post-transition Cuban sugar industry is, who would buy Cuba's sugar output and at what price? As shown in Table E.4, Cuban raw sugar production since 1993 has averaged around 4 million tons per year, and domestic consumption has averaged around 700,000 tons, for net exports of about 3.3 million tons. In a post-Castro Cuba, once rationing restrictions that limit domestic consumption by Cuban consumers are lifted--the irony of Cuban consumers facing more than 40 years of restrictions on sugar consumption is a story in itself--domestic consumption could rise to 1 million tons or even higher. Production in the 7—8-million-ton level would then support exports of 6—7 million tons. Such an increase in Cuban sugar imports could drive down the world price of sugar, but with world consumption growing at 1—2 percent each year and the prospects of freer trade in sugar emerging from the Doha Round of Multilateral Trade Negotiations, the net effect of these changes on overall sugar demand is unclear. However, the overall effect is almost certain to increase the price competitiveness of the world market to the benefit of low-cost producers, which, as we will show, do not include Cuba.

Prospect of Trade With the U.S.

Preferential treatment of Cuban sugar by the United States began shortly after the establishment of the Cuban Republic on May 20, 1902. The nature of the preferential treatment varied over time and consisted of preferential tariffs, preferential prices, quota allocations, or a combination of all three. Between 1948 and 1952, Cuba supplied about four-tenths of the United States' growing demand for sugar and about 33 percent between 1953 and 1959. Cuba's sugar exports to the United States between 1955 and 1959 averaged nearly 2.9 million tons per year. Trade relations between the two countries began to break down in the second

half of 1960, when the United States chose not to import some 700,000 tons of Cuban sugar under the quota program (Cuban sugar exports to the United States in 1960 were still about 1.9 million tons) and set Cuba's import quota for 1961 at zero. The quota formerly allocated to Cuba was subsequently distributed to other producing nations in the region and in other continents.

Once the current U.S. trade sanctions on Cuba are lifted, it would be commercially advantageous for Cuba to resume selling sugar to the United States under preferential terms, because Cuba would be able to benefit from the higher prices in the U.S. market vis-à-vis the world market.

In this scenario, would it be reasonable to expect that the United States would "reinstate" Cuba's sugar quota at the 1960 level, returning to the *status quo ante*? What would be the reaction of the sugar producers/exporters to which Cuba's quota was reallocated in the early 1960s if they were to suddenly lose the allocations they have had for more than 40 years? What criteria would the United States use to determine post-Castro Cuba's sugar quota allocation. These are complex questions whose elucidation requires delving into political, diplomatic, and domestic and international legal issues.

The reality is that, since 1960, significant changes have occurred in the U.S. sugar market and in the U.S. sugar import program that have deep implications for U.S.—Cuba sugar trade in a post-socialist environment of normalized diplomatic and trade relations.

First, sugar production in the United States has expanded significantly, from 4.6 million tons in 1960 to nearly 7.6 million tons in 1999. In the latter year, the United States was the fifth-largest sugar producer in the world (after Brazil, the EU, India, and China), producing sugar at twice Cuba's production level (3.8 million tons).

Second, the U.S. import-quota level for raw sugar has been drastically cut, from 4 million tons in 1959 to just over 1 million tons in recent years. For the past year (i.e., for the U.S. fiscal year 2002, which runs from October 1, 2001, to September 30, 2002), the U.S. import tariff rate quota (TRQ) was set at 1,117,195 tons, allocated among 40 exporting countries on the basis of the countries' historical trade with

the United States. The three largest quota allocations in 2001—2002 were the Dominican Republic (185,335 tons), Brazil (152,691 tons), and the Philippines (142,160 tons) (see Table E.5).

Boughner and Coleman have examined several options for U.S.—Cuba sugar trade after normalization of trade relations that comply with current WTO obligations.[40] One set of options is based on the premise that imports from Cuba are accommodated within the existing TRQ level; the second set considers the possibility that the overall level of the TRQ might grow. The following are among the options to accommodate imports from Cuba within the level of the existing TRQ:

- Elimination of country-specific quotas within the TRQ, shifting to a first-come, first-served basis. The result of this change would be to create a rush by all shippers to get their product in early in the quota period. This rush might give Cuba an advantage, in view of its proximity to U.S. ports--although all shippers are likely to store their product in U.S. warehouses close to the customs zones in order to be first at the border. The elimination of country quotas would be very unpopular with current quota holders, which would see this action as taking away their right to supply the U.S. sugar market.
- Elimination of the country-specific TRQ and replacement with a system of quota auctions, so that countries would compete in an auction for the right to export to the United States. Cuba would be able to bid along with other exporters for the right to ship to the United States under the preferential TRQ. As with the previous option, current quota holders would oppose this option.

[40] Boughner and Coleman (2002).

Table E.5
U.S. Allocation of the Raw Sugar Tariff-Rate Quotas for 2001—2002

Country	Fiscal Year 2002 Allocation (in tons)
Argentina	45,281
Australia	87,402
Barbados	7,371
Belize	11,583
Bolivia	8,424
Brazil	152,691
Colombia	25,273
Congo	7,258
Costa Rica	15,796
Dominican Republic	185,335
Ecuador	11,583
El Salvador	27,379
Fiji	9,477
Gabon	7,258
Guatemala	50,546
Guyana	12,636
Haiti	7,258
Honduras	10,530
India	8,424
Ivory Coast	7,258
Jamaica	11,583
Madagascar	7,258
Malawi	10,530
Mauritius	12,636
Mexico	7,258
Mozambique	13,690
Nicaragua	22,114
Panama	30,538
Papua New Guinea	7,258
Paraguay	7,28
Peru	43,175
Philippines	142,160
South Africa	24,220
St. Kitts & Nevis	7,258
Swaziland	16,849
Taiwan	12,636
Thailand	14,743
Trinidad-Tobago	7,371
Uruguay	7,258
Zimbabwe	12,636
Total	1,117,195

SOURCE: United States Trade Representative (USTR), 2001.

- Reallocation of the TRQ to give Cuba a share of the preferential imports. The first step would be for the United States to determine the level of the quota to be assigned to Cuba. WTO rules, designed to promote the equal treatment of all suppliers that are members of the organization, normally call for quota allocations to be made on the basis of historical exports during a given time period. This is not possible with Cuba because no Cuban sugar has been exported to the United States since 1960, and to use pre-1960 trade patterns would be tantamount to allocating most of the TRQ to Cuba, to the detriment of other suppliers. Boughner and Coleman raise the interesting possibility that the United States could make a quota allocation based on the hypothetical level of exports that Cuba would have made to the United States had the U.S. sanctions not been in place.[41] As with the other two options above, current quota holders would oppose reducing their allocations to benefit Cuba.

The following are among the options that are premised on increasing the TRQ level to accommodate Cuban imports:

- Increase the overall TRQ level by whatever amount of preferential imports is assigned to Cuba. Mechanically, this would require the readjustment of the shares of imports allocated to each country. Current quota holders would see their individual shares of the TRQ decline as Cuba is assigned some of the market share, but they would not be restricted in their volume of shipments, which would remain unchanged. U.S. domestic producers of sugar would likely oppose this approach, because it would increase the overall sugar import level.
- Convert the TRQ to its tariff equivalent and administer a single tariff in its place. This option would allow exporters, including exporters from Cuba, to compete for sales in the U.S. market on the basis of their sales price (including duty). Since there would not be a quantitative limit on imports, the

[41] Boughner and Coleman (2002, p. 54).

overall level of imports could very well rise above the original TRQ level.

- Assign Cuba a share of the TRQ (presumably an amount above the current TRQ level) through accession of the island to an existing free-trade agreement with the United States, such as the North American Free Trade Agreement (NAFTA), or through the negotiation of a bilateral free-trade agreement between Cuba and the United States.

To sum up, a post-transition Cuba with normalized trade relations with the United States could benefit from the higher prices associated with exports under the U.S. sugar program. It would be reasonable to expect that Cuba would seek to be extended such benefits and would use some of its influence in the U.S. political process to do so. However, it should be quite clear that the U.S. sugar market, as currently structured, would not solve the access problems of the Cuban sugar industry to any significant extent. With overall U.S. imports at about 1 million tons per year and more than 40 countries already laying claim to this level of imports, Cuba is not likely to find a preferential market of significance in the United States.[42]

Cuba's best hope in the U.S. sugar market might seem to be connected to the potential liberalization of trade in agriculture (including sugar) that may emerge from the ongoing Doha Round multilateral trade negotiations. If the result of these negotiations were a freer environment for international trade in sugar, Cuba's efficient producers might be able to benefit in the medium to long run.

International Competitiveness of Cuban Sugar

In an international environment free of quotas, preferential arrangements, and other restraints to trade, and with a homogenous commodity such as sugar, the price competitiveness of a producer will be

[42] Along the same line, Echevarría (1995, p. 368) concludes that a change in the political system in Cuba, and the subsequent opening of the U.S. market, will not contribute to regaining Cuba's premier role in that market. Thus, although the change in the political system would certainly facilitate improvements in the sugar industry, it will not mean a miracle turn-around whereby Cuba will again enjoy a privileged position in the U.S. sugar market as a factor to regain a commanding role in the World Market.

the key determinant of success as an exporter. Through the 1950s, Cuba's privately owned sugar industry was considered an efficient, low-cost sugar producer, able to compete in the world market on the basis of price. The nationalization of the industry and the special trading relationship with the Soviet Union and the socialist countries, which was not based on price and efficiency considerations, have contributed to an apparent substantial rise in Cuban sugar-production costs, particularly in the 1980s and 1990s, which put into question Cuba's ability to export in a free-market environment.

Sugar-production cost statistics for socialist Cuba are scarce. Those that are available are of unknown reliability. A comparison of Cuban cost statistics (in domestic currency) with those of other countries (generally denominated in U.S. dollars) is not possible because there is no market-determined peso-to-U.S. dollar exchange rate to effect the conversion to a common currency.[43]

According to MINAZ statistics cited by Alvarez and Peña Castellanos, sugar cane production costs rose from 13.66 pesos per ton in 1982 to 15.88 pesos ton in 1990, or by 16.3 percent.[44] These authors attribute the rising cost of sugarcane production to the application of the Extensive Growth Model, described earlier in the subsection "Agricultural Land."[45] Overall sugar production costs reportedly rose from 186.30 pesos per ton (8.45 centavos per pound) in 1984 to 210.48 pesos per ton of sugar (9.55 centavos per pound) in 1990.[46] For the 1997–1998 *zafra*, Alvarez and Peña Castellanos report sugar production

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[43] Since the early 1960s, the Cuban peso has not been traded in international markets. The Cuban government has fixed the official value of the peso at a par with the U.S. dollar for commercial transactions--that is, the official exchange rate is one peso equals one U.S. dollar. This rate of exchange grossly overestimates the value of the peso, however. In 1993, Cuba depenalized the holding of foreign currencies and subsequently created government-operated exchange houses for the purchase and sale of foreign currencies (especially U.S. dollars). For the period 1999–2001, these exchange houses traded pesos for U.S. dollars at about 20 pesos per U.S. dollar; more recently, the rate has reportedly risen to about 25–27 pesos per U.S. dollar. Neither the official rate nor the rate at exchange houses can be taken as the market-clearing exchange rate, which is probably somewhere between the two.

[44] Alvarez and Peña Castellanos (2001, p. 19). The sugar production costs are in current pesos.

[45] Alvarez and Peña Castellanos (2001, p. 11).

[46] Alvarez and Peña Castellanos (2001, p. 19).

costs of 445 to 482 pesos per ton of sugar, or 20.2 to 21.9 centavos per pound.[47] Thus, production costs in domestic currency more than doubled between 1984 and 1998. More recently, the leader of the Cuban sugar workers union has been quoted as stating that sugar production costs (presumably in 2002) were 359 pesos per ton (16.3 centavos per pound) and had to be reduced to 260 pesos per ton (11.8 centavos per pound) in order to be competitive in international markets.[48]

Haley summarizes the results of a recent report on the international costs of sugar production by LMC International,[49] an international consulting firm that specializes in sugar production and trade issues and surveys sugar-production costs around the world. The report refers to the crop years 1994—1995 through 1998—1999. According to the report, the lowest-cost cane sugar producers during the 1998—1999 crop year were Australia, Brazil Center-South, Guatemala, Zambia, and Zimbabwe. The average cost of production for these five countries was 7.58 cents per pound compared with 7.78 cents per pound in 1997—1998 and 8.18 cents per pound in 1996—1997. For the main cane sugar exporters (Australia, Brazil, Colombia, Cuba, Guatemala, South Africa, and Thailand), the average production cost in 1998—1999 was 9.73 cents per pound, almost 2 cents per pound higher than the low-cost producers.

Haley provides information on production costs for a group of main sugar-exporting countries, in which Cuba is included, but does not provide information on production costs specifically for Cuba.[50] However, it stands to reason that the island's costs for 1998—1999 would be significantly higher than the average for the main sugar exporters (9.73 cents per pound) because three of the countries grouped with Cuba as the main cane sugar exporters (Australia, Brazil, and Guatemala) are also among the lowest-cost producers.

Industry analyst James Fry stated in late 1997 that one of the major problems facing Cuba's sugar industry was "a huge capacity producing half of what it used to, running up their costs to well over

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[47] Alvarez and Peña Castellanos (2001, p. 87).

[48] Valenzuela (2002).

[49] Haley (2001).

[50] Haley (2001).

US$.20 a pound even while the market trend is toward lower prices."[51] Elsewhere, Fry has stated that, in the long run, the real price of raw sugar in international markets tends to decrease annually by 1.5 percent, implying that "a producer exposed to world market prices will have to reduce costs to remain cost effective."[52] Production costs in revolutionary Cuba have been trending in the opposite direction.

To sum up, the fragmentary information available on Cuban sugar-production costs suggests that the island is currently not among low-cost producers. Although data are not available to pinpoint production costs on the island, it is not unreasonable to posit that average costs are in the neighborhood of 20 cents per pound--much higher than average production costs in low-cost producing countries, which are probably in the range of 7 to 8 cents per pound, and in the range of 5 to 6 cents per pound in Brazil's North-Central region. Because these are averages for the entire industry, they probably mask significant differences across mills/agricultural areas. Of the 156 mills/sugarcane-producing areas in Cuba considered to be active at the end of the 1990s, there are bound to be some that may be competitive with the world's low-cost suppliers. Identification of these agricultural areas would require production and financial data at the micro level, which are available only to officials of MINAZ.

Reconverting the Sugar Industry

Since at least the mid-1990s, Cuban authorities have been contemplating a drastic restructuring of the sugar industry, including the possibility of permanently closing down some of the sugar mills. Fernández Font, a Cuban economist, neatly sets out the model shift that underlies the restructuring of the sugar industry:[53]

> . . .considering today's international economic context and what can be foreseen and the fact that prices of the so-called basic commodities have been falling in international markets, it is difficult to envision that, at least in the medium term, Cuba would again return to production levels of 7—8 million tons of sugar per annum, the pattern of the 1980s. It appears

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[51] "General Named Minister of Sugar Industry" (1997).

[52] Prensa Latina (1997).

[53] Fernández Font (2000, p. 232).

> that a restructuring of the industry is required, a restructuring that places greater importance on efficiency, costs and profits over the strictly quantitative output targets pursued under the earlier model.

According to CEPAL,[54] in the second half of the 1990s, Cuban technicians developed a sugar-industry-restructuring plan through 2010 that foresaw production of 5.5 million tons of sugar in 2002 from the 90 to 100 mills that were deemed to be the most efficient. Thirty mills would be converted from processing raw sugar to producing derivatives. Numerous other organizational changes in agricultural, industrial, transportation, and marketing activities associated with the sugar industry were also contemplated.[55] The restructuring plan seems to correspond very closely to reports circulating in June 2002 that the permanent closure of 71 sugar mills was imminent.[56] The delay in implementing the restructuring plan suggests that the Cuban government has wanted to avoid public dissatisfaction with the elimination of jobs and economic harm to communities affected by the closures.

By any reasonable standard, the Cuban sugar industry as a whole is too large to compete in a free-market environment for sugar trade. To be sure, some elements of the industry--that is, combinations of agricultural sugarcane areas and sugar mills--are likely to be competitive and could find niches in the world market for their output.

What should be done, then, as a matter of public policy, with regard to those agro-industrial complexes that are not competitive in producing sugar and would not be able to obtain financing in a free-market environment, thereby facing immediate or eventual demise as raw sugar producers? Some options are examined next, focusing on alternatives to sugar processing and closing sugar mills.

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[54] CEPAL (2000, p. 373).

[55] One change actually put in place in 1998 was the doubling of the price the state paid UBPCs and private farmers for sugarcane (Alvarez and Peña Castellanos, 2001, p. 103). This change does not seem to have been very successful in stimulating sugarcane production.

[56] González Raga (2002); Frank (2002); de Cordoba (2002).

Finding Alternatives to Sugar Production

Converting some of the mills to producing sugar derivatives, a line of economic activity in which Cuba has considerable experience and production capacity, is one of the options for mills that may not be competitive in producing raw sugar. Cuba has 17 refineries that produce refined sugar, a product differentiated from raw sugar in the world market. In addition, Peña Castellanos notes that Cuba is capable of producing commercially more than 30 derivatives from bagasse, 27 from molasses, 14 from *cachaza* (filter mud), and several others from by-products of the sugar production process.[57] Some of these products are listed in Table E.6. Finally, some of the sugar mills are important producers of electric power. They could be retrofitted to become producers of electricity from biomass and connected to the national grid.

A determination of which of the current sugar mills/agro-industrial complexes could be reconverted to produce another product in a competitive environment would require a case-by-case market feasibility analysis based on technical and economic information. Such an analysis would probably have to await a regime change in Cuba, because it would require a degree of transparency in financial and economic data that is incompatible with the socialist system. Among the specific products mentioned in the literature that Cuba's sugar agro-industry could produce and market abroad successfully are the following:

- Molasses: According to experts, there is a market in the United States and potentially in other countries for using molasses as cattle feed. Cattle feed from molasses reportedly can be produced at a lower cost than corn-based feed products.[58]
- Ethanol: With high world prices for oil, demand for ethanol is strong. Some of the sugar mills could be converted to ethanol production, following the Brazilian model. Another option,

[57] Peña Castellanos (2002).

[58] Aguilar Trujillo (2000, p. 70).

Table E.6
Sugar and Sugarcane Derivatives Produced in Cuba

Product	Number of Facilities
Refined sugar	17
Alcohol	16
Rum	14
Bagasse boards	7
Pulp and paper	5
Hydrolyzed bagasse	1
Yeast for human consumption	2
Saccharomyces yeast	10
Torula yeast (animal feed)	11
Molasses-urea (animal feed)	79
Molasses-urea-bagacillo (animal feed)	36
Predigested *bagacillo*	71
Predical (animal feed)	11
Garamber (animal feed)	11
Proteic molasses (animal feed)	11
Pajumel (animal feed)	8
Acopio centers' residues (animal feed)	N/A
Saccharine (animal feed)	N/A
Edible mushrooms	10
Dextran	1
Furfural	1
Sorbitol	1

SOURCE: Alvarez and Peña Castellanos (2001).
N/A = not available.

which would not keep mills operating but would provide an outlet for sugarcane, would be to adopt new technology to produce ethanol directly from sugarcane, skipping the sugar-production process. This technology has reportedly been used in the United States with some success.[59]

- Refined Sugar: Another possibility is to modernize a limited number of mills and refineries to produce white (refined) sugar for export, thereby exporting a higher-value-added product.

[59] Alvarez and Peña Castellanos (2001, p. 120).

However, in the current global environment, countries tend to prefer to import raw sugar for refining at home so that jobs in the refining industry are maintained.

- Livestock: Cuba could also explore the possibility of expanding the livestock sector, especially cattle, relying on molasses and other feed products generated by the sugar industry. Domestic demand for meat is likely to increase as the transition proceeds and the economy improves; so is the demand from the tourism sector.

Rather than a product-diversification strategy, a market-diversification approach might be to promote the export of sugar-containing products, such as candies, sweets, and canned fruits and vegetables. While countries that limit the importing of sugar also tend to limit the importing of sugar-bearing products, opportunities may arise for some Cuban agro-industry specialty products to penetrate foreign markets.

Closing Sugar Mills

It may not be economically feasible to continue to operate or reconvert all of the sugar mills. The optimal outcome may be to close some of the mills permanently, eventually demolishing them. Developing a strategy for mill closures that relieves some of the anxiety of workers and communities would facilitate and expedite the restructuring process.

The overall state of the economy and the opportunities for alternative uses of the resources formerly used by the sugar industry as it is being phased down would be important to the success of dislocated workers and communities as they attempt to adapt to plant closings. The current economic crisis that envelops Cuba does not seem to offer many opportunities for viable alternatives, however.

Local communities understandably fear that the closure of a facility that has long been a part of their economic base will result in economic decline and large-scale unemployment. Such communities use the political process to block, or at least delay, what they perceive as an undesirable outcome. In the 1960s, the United States faced the need to reduce the military base structure that had been created during World War II and the Korean War. Such reduction was, and remains, an

exceedingly complex process that pits local economic and political interests against national needs. From successes and failures in managing base closures, the United States has developed a process to identify and evaluate base-closing candidates. That process may provide lessons for mill closings in a post-Castro Cuba.

The process is embodied in legislation that created a Defense Base Closure and Realignment Commission (BRAC), an independent, bipartisan commission that makes recommendations to the President of the United States on which facilities to close. The recommendations are subject to an up or down vote by Congress within a specified time period (that is, Congress cannot amend the list). As part of the process, a package of government assistance is provided to workers and communities affected by base closings, including job retraining, community development, and environmental remediation.[60]

U.S. communities that have experienced base closures have suffered short-term economic dislocations. In general, they have adapted and even benefited in the long run from the closures, because land and capital resources formerly used by the bases have been turned over to other, more-productive uses.

In a free-enterprise economic environment, it is conceivable that Cuban workers and communities affected by mill closings might be able to readapt, diversifying agricultural production along the lines of the successful models used by Chile and the Dominican Republic. To ease the adjustment costs associated with mill closures, a package of government assistance consisting of worker retraining, limited income maintenance, some relocation assistance, loans to agricultural producers (including UBPCs) to promote crop diversification, marketing assistance, and low-interest loans to small businesses that create new jobs would ease the pain of mill closures and ease the readaptation of communities.

CONCLUDING REMARKS

The sugar industry will continue to play an important role in the Cuban economy for the foreseeable future. Sugar's role will not be that of a

[60] Hellman (2001).

leading actor, but it will not be that of a bit player, either. The sugar industry's role will be that of a supporting actor, contributing to growth and economic development alongside other industries such as knowledge-based firms, hospitality, beverages and tobacco, and banking and finance.

Notwithstanding the wish of some to part company with an industry that has been associated with many of the ills of the economy for more than a century, it is unrealistic to think about a Cuban economy in the medium to long term without sugar. The sugar industry employs directly about one-tenth of the labor force and indirectly supports about one-half of all workers. The domestic value-added associated with sugar production and production of sugar derivatives is much higher than that for other current alternatives (such as tourism).

The Cuban sugar industry of the future will look quite different from that of today. The changes have already started: As many as 60 mills were closed temporarily during the recent sugar *zafras,* and reports circulated in June 2002 stated that 71 mills were slated for permanent closure. If the plan to go ahead with the permanent closures materializes and Castro hangs on to power, Cuba's socialist government will have to bear the brunt of the adverse reaction from workers and communities. Socialist Cuba's authoritarian regime is well equipped to weather the potential storm because it controls mass organizations, and the existing media and labor organizations serve as transmission belts for state directives rather than as the voice and defender of the interests of workers.

If the closure of mills takes place in a democratic, free-market environment, an essential part of that closure will be a system for determining closures of mills under state control (e.g., the new mills built in the 1980s) that is perceived as fair and provides assistance to dislocated workers and communities. The nature and scope of the assistance package are matters for the government to determine, because the package will depend on the government's budgetary capacity. In any case, the feeling on the part of affected workers and communities that a safety net exists to protect them from a free fall is essential to maintaining peace and allowing the readaptation process to proceed.

The restructuring of the Cuban sugar agro-industry to become more competitive in international markets for raw sugar and to produce and market sugar derivatives will require substantial investment, well above the amounts that can be reasonably expected to be generated domestically, particularly in the early stages of a transition. The National Association of Sugar Mill Owners of Cuba (*Asociación Nacional de Hacendados de Cuba*), an organization based in the United States, estimates that the sugar industry would need $790 million in financing to be able to operate the sugar mills that were privately owned in 1959 (i.e., excluding the eight new mills build in the 1980s). The Association further estimates that the industry's financing needs will be $3.7 billion during the first five years after the transition and $7.8 billion during the first ten years.[61] To be sure, foreign capital--equity investments as well as loans--could contribute to filling these financing needs. However, the flow of foreign capital will be greatly influenced by the resolution of the issue of property claims by former sugarcane growers, mill owners, and other owners whose properties were nationalized in the post-1959 period. If the property claim issue is left to fester without resolution, it will create uncertainty and cloud the future of the sugar industry and of the Cuban economy at large.

A final issue that could affect the development of the post-transition sugar industry is how concerns of pollution, environmental damage, liability, and remediation are addressed because the sugar industry is, and has been, socialist Cuba's largest polluter:

> Environmental disruption associated with the mechanization of the sugar harvest--e.g., elimination of creeks and wetlands, leveling of tree fences, soil compaction from heavy equipment, waterlogging caused by improper irrigation drainage, generation of smoke and soot from burning sugarcane fields—are well documented in the literature although their magnitude is difficult to assess. . . . Cuban sugar mills are notorious for polluting wetlands, streams, reservoirs and ocean fronts with liquid waste products such as molasses, filter mud (*cachaza*), bagasse composts and fermented liquid wastes. Industrial sugar mills affect water quality in general and marine resources in particular.[62]

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[61] Carreño (2002).

[62] Díaz-Briquets and Pérez-López (1990, pp. 170—171).

Under Cuba's current system, the sugar industry has been able to pollute at will. It has not made the investments to reduce pollution that would have likely been required in a regulated private-property system. If these pollution costs were to be included in the costs of modernization, the total costs required to modernize and upgrade Cuba's sugar industry would certainly rise.

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