

Some will be more equal than others

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End of US embargo will flood Cuba with dollars

Cuba's president Raúl Castro will be 87 by 2018. He cannot seek a further mandate, so the last of the revolutionary generation will retire from government. Three years isn't much time to reform Cuba's economy, adopt a new constitution and grow used to normalised relations with the US, as symbolised by the meeting of the US and Cuban presidents at the summit of the Americas in April. Can the Cuban regime survive the loss of its historic leadership?

The Communist Party of Cuba (PCC) has already designated First Vice-President Miguel Díaz-Canel as Castro's successor, but challenges remain. To meet them, Castro is relying on the support of the Revolutionary Armed Forces (FAR), for which he was minister for 49 years, the PCC and the Catholic Church, which has played a key role in the negotiations with the US. Cuba's economic reforms have increased inequality (1) and everyone is uncertain over the future. The PCC has tried to respond with public consultations in the run-up to party congresses. Castro has confirmed that consultations will also be held before the 7th congress in April 2016. But the debate has already begun between members and non-members of the PCC, especially on the Internet, despite limited access.

Raúl Castro has been working to "modernise" Cuban socialism — a euphemism for the economic liberalisation that started in 2011. Though this is tearing down the society Fidel Castro tried to build, the former president has not protested: "The Cuban model doesn't even work for us anymore," he said in 2010. The economic situation gave Cuba no choice. Venezuelan aid had enabled it to achieve an average 10% growth between 2005 and 2007, but the financial crisis and Venezuela's own problems ended this: "In 2013 the value of trade between Cuba and Venezuela fell by a billion dollars; it could fall still further in 2014," Cuban economist Omar Everleny Pérez Villanueva warned last year (2). Some estimate the fall could be as much as 20%.

Privileged military

In March 2014 Cuba adopted a new law on inward investment, presented by Raúl Castro as "crucial". With the exception of healthcare, education and defence, the economy is now open to foreign capital, promised tax exemptions for eight years, or longer, especially in "special economic development zones" such as the new port at Mariel (3), built with help from Brazil. Projects must be approved by Cuban government agencies. Déborah Rivas Saavedra, general director for foreign investment at the Ministry of Foreign Trade and Investment, said: "It's not capital which decides how the money will be invested" (4). Hiring is monitored by state agencies. Economist Jesús Arboleya Cervera said: "Cuban émigrés already invest in small businesses indirectly [through the money they send home]; investment on a larger scale is no longer prohibited by law, only by the embargo" (5).

Some feel the pace is still too slow: "You can't 'modernise' something that has never worked," said Pérez Villanueva. "The growth just isn't there. With a bit of help from God, we may achieve 1% [in 2014]" (6). Sociologist Ailynn Torres asked: "What is this proposed economic model intended to achieve? Who are the winners and the losers?" (7).

The official line is that introducing market principles into Cuba's economy should make it possible to improve its performance without undermining social justice. But 20% of Cuba's urban population now live in poverty (compared with 6.6% in 1986). The abolition of the *libreta* (ration book) was announced, then postponed, as it would have hit the poorest hard. In a society characterised by equality, the divide between the winners and losers in the reforms is growing.

According to Raúl Castro himself, the losers include “state employees paid in pesos, whose salaries are not enough to live on”, the elderly (around 1.7 million), “whose pensions are insufficient given the cost of living” (8), single mothers, the black population (which gets little or no benefit from remittances by Cuban Americans), and people in Cuba’s eastern provinces. The winners include employees of public-private enterprises, tourist industry workers, smallholders in the private agricultural sector and some self-employed (*cuentalpropistas*) — anyone with access to hard currency, the CUC (convertible unit currency). Since 2004 this has been used alongside the Cuban peso; one CUC is equivalent to 24 pesos. It was introduced to replace the US dollar, permitted since 1993. So Cuba has parallel economies based on the peso and the CUC, used by tourists and Cubans who deal with them.

Castro is counting on the loyalty of the FAR to reconcile economic liberalisation with a single-party political system. Since the great economic crisis of the 1990s (9), the military hierarchy has been running key sectors of the economy through the holding company Grupo de Administración Empresarial SA (Gaesa). Businesses controlled by the military were used as a testing ground for “enterprise optimisation”, a management model based on western techniques for stimulating productivity. Most people still regard the FAR as prestigious, but their privileges are criticised; it’s not uncommon to hear “they don’t have any problem finding somewhere to live” (an allusion to the modern housing complex reserved for military personnel and families in Havana). The PCC has lost some of its influence, but Castro has revamped its leadership, bringing in younger people and women, and increasing racial diversity. Economist Pedro Monreal González feels the PCC has maintained its credibility: “The state still enjoys popular support because it is able to provide public goods that many Cubans regard as essential.”

Constitutional reform

In 2013 the PCC announced the establishment of a constitutional reform commission. This year, it announced a new electoral law that will come into force before the end of Castro’s mandate. But it is difficult to see how the leadership can be renewed through the designation of cadres without the same legitimacy as their seniors, and with no public debate to allow a choice between candidates with different agendas. The current approach, where candidates must have the final approval of the PCC, does not seem viable in the long term.

Espacio Laical, a magazine published by the diocese of Havana, was a main forum for political debate. For a decade, it carried articles on constitutional reform, the role of the PCC and the reform of the organs of popular power. Its directors, Roberto Veiga and Lenier González, both lay Catholics, stressed the “contrast between the pluralism of [Cuban] society and the lack of spaces in which this pluralism can be expressed” (10). Last year both revealed they had been forced to resign because of “very serious” criticisms of them and Cardinal Jaime Lucas Ortega y Alamino. The diocese clearly wanted the magazine to take a less political approach. Subsequently the Centro Cristiano de Reflexión y Diálogo-Cuba (11) agreed to sponsor a similar publication, *Cuba Posible*, coordinated by Veiga and González. The first issue reported on a symposium on Cuba’s sovereignty and the future of its institutions.

There has been severe criticism of article 5 of the constitution. It defines the PCC as “Martian [after José Martí who inspired Cuba’s struggle for independence], Marxist-Leninist, the organised vanguard of the Cuban nation”, and as the “supreme leading force of society and state”. This is contested not only by the Church, but also by scholars. According to sociologist Aurelio Alonso, “the image of the party as a vanguard loses all meaning soon as the party is in government”, and Cuba urgently needs to build “an inclusive state that is able to admit political and ideological pluralism.” Veiga believes Cuba must envisage “the possibility of authorising the existence of other political forces rooted in the foundations of the nation,” even if such forces are unlikely to emerge soon (12). No one knows if the planned electoral reforms will allow the election of people with close links to the Church, or of other independent figures.

The debate also concerns the way in which presidents are elected; they are to be limited to two terms of five years, and some believe they should be elected by universal suffrage, so as to ensure their electoral legitimacy. The political scientist Julio César Guanche has stressed the need for a reorganisation of “people power”, officially embodied in Cuba’s municipal, provincial and national assemblies (13).

According to sociologist Ovidio D'Angelo Hernández, Cuba needs to build a “democratic and socialist citizenship,” but the “mass organisations” are too much “subordinated to the PCC” to be an expression of it. Especially, says Guanche, as “the official discourse undermines the basis of its own historical legitimacy. Questioning ‘egalitarianism’ opens the way to questioning socialism’s most powerful ideal — equality.” This is barely concealed criticism of Castro’s speech at the congress of the Workers’ Central Union of Cuba (CTC), denouncing “paternalism, egalitarianism, excessive handouts and unjustified subsidies — the old mentality built up over the years.”

A lengthy process

This “old mentality” also affects the PCC, where unanimous voting and a tendency to self-censorship still prevail, although these are now being challenged. In 2013, for the first time, a member of the national assembly — Mariela Castro, Raúl’s daughter — voted against a new labour law in protest at its insufficient provisions against gender discrimination. The cancellation of the screening of French director Laurent Cantet’s film *Return to Ithaca* (2014), about popular disenchantment in Cuba, led to protests from Cuban colleagues.

In this context, the restoration of diplomatic relations with the US is necessary but dangerous. Cuba knows that the US goal is still to overthrow the regime. Cuba won the first round by making no concessions, but the mood is of tempered optimism. People said to me: “[The Americans] will probably take everything, like they do everywhere else. What will be left for the Cubans? They’ve just bought one of our baseball players for \$63m.” “Many people no longer know what the future holds for them,” said sociologist Rafael Acosta. No one knows how Cuba will control the flood of dollars and tourists once the embargo is lifted. One area of disagreement is over thousands of properties nationalised with the revolution, since the government does not intend to compensate former owners who left the country. (It would be hard to balance the US return of Guantánamo against the cost of a half-century embargo, estimated at \$100bn.)

A complete end to the embargo will require the approval of the US Congress, where Republicans and Democrats are divided. On 14 April Obama announced plans to remove Cuba from the list of “state sponsors of terrorism”, though Congress was given 45 days to object. The restoration of diplomatic relations and the nomination of ambassadors should follow. But normalisation will take a while. Cuba will take advantage of the delay to avoid destabilisation and cultivate its relations with Latin America, China and the EU. Without a historic leader personifying the struggle against the “Empire”, it may be harder to unite and mobilise Cubans.