



# The last workers' state?

*Cuba may have a new leader but the policies of developing the market sector and using wage incentives in the workplace continue apace. Stuart King asks, will Cuba follow the Chinese road to the restoration of capitalism?*

LAST FEBRUARY Fidel Castro, the longest serving world leader – in power since 1959 – relinquished his role as Cuban head of state. Much to the chagrin of George Bush the handover to his brother Raul, the head of the armed forces and vice-president, went smoothly, thwarting Washington's hope for a mass revolt following Castro's departure.

Fidel Castro has been a hero to both the Latin American and world left ever since the 26 July Movement overthrew the hated US-backed Batista dictatorship in a revolution. Since 1960 Cuba has suffered a crippling economic blockade imposed by the US, a US-inspired invasion in 1961, a CIA-sponsored campaign of sabotage of the Cuban economy and innumerable attempts to assassinate Castro himself.

Not surprisingly, there has been an enormous well of sympathy throughout the world for this small island of 11 million people in its attempts to determine its own future. It has redistributed land and wealth to the population, introduced a comprehensive free health and education service that are second to none in Latin America, and it has achieved the loyalty and praise of whole sections of the left far beyond the normal Stalinist "fellow travellers".

Yet Cuba today exists in a very different world to the 1960s and 1970s. Its main sponsor and source of sup-

port, the USSR, disappeared in 1991, taking along with it "actually existing socialism" throughout Europe and Asia. These regimes had little in common with socialism, since workers were deprived of any power or control over society or the economy. Despite the fact that they had expropriated the capitalists, they were dictatorships established over the proletariat, not dictatorships of the proletariat.

But Cuba, it was argued by many, was an exception. Unlike Czechoslovakia or East Germany for example, where "socialism" was imposed by the bayonets of the Soviet Armed Forces, the 1959 Cuban revolution had been indigenous and popular. Cuba was "different"; in its internationalist foreign policies represented by Che Guevara, in its mass organisations of women and youth, in its "democratic" organs of popular power – all these features, it was said, set it apart from the Stalinist prison houses.

The policies that had delivered its working class from hunger, illiteracy and insecurity made it a beacon of hope for the "Third World" and in particular for the poverty-ridden Latin American and Caribbean region.

Is this still true today? Should Cuba remain a model for the workers of countries like Venezuela to aspire to? Was it ever a state where the workers had genuine control and democracy? What are the revolutionary lessons

of Cuba for a new left today? Now, with the regime in transition under Raul Castro, is a good time to revisit these questions.

### From US semi-colony to integration into Soviet bloc

The economy that Castro and the July 26th Movement (J26M) inherited at the time of the 1959 revolution [See The Cuban Revolution, *below*] was a deeply problematic one. The Cuban economy had been developed to serve the US consumer, primarily as a sugar exporter. In 1958 Cuba exported five million tons of sugar and the US bought 60% of it at protected prices. Yet productivity in sugar

had been declining – only one new sugar mill had been built between 1926 and 1959. Agriculture was stagnating and failing to diversify, partly as a result of US domination: for example US rice growers used pressure to prevent Cuban farmers expanding this crop, pushing up imports of food.

Virtually all manufactured imports came from the US, which built and owned most of the factories, mills and utilities. Cuba was by no means a backward country compared to the rest of Latin America – its per capita income ranked fourth after Venezuela, Uruguay and Argentina and its literacy rates were also high by Latin American standards.

But these figures hid an enormous inequality between

## 1959-1961 The Cuban Revolution

CUBA WAS an important colony in the Spanish empire from the 15th Century onwards. Even after Spain was swept out of the rest of Latin America in the early 19th century, it clung on to Cuba despite a series of revolts. Attempts by a 200,000 strong Spanish army to crush a guerrilla campaign inspired by the nationalist Jose Marti led to US intervention and the defeat of the Spanish in 1898. The US then occupied Cuba.

US troops only left Cuba when the infamous “Platt Amendment” was incorporated into the Cuban constitution. This enshrined Cuba’s status as a semi colony of the US – it barred the country from making treaties with other powers, gave the US ultimate control over its finances, and enshrined the US’s right to defend its interests in Cuba with a permanent military base at Guantanamo. US marines landed and intervened in Cuba in 1906-09, in 1912 and again between 1917-23.

Cuba became the major supplier of sugar to the US – US corporations owned the plantations, sugar mills, cattle farms, banks and utilities throughout the islands. When their interests were threatened, as they were briefly in 1933 when a general

strike brought the nationalist government of Grau San Martin to power, the Cuban army was cajoled and bribed into seizing power. Fulgencia Batista, who led the army to crush the nationalist and workers’ movement in 1935, was to dominate Cuban politics for 25 years, until his ousting by Fidel Castro in 1959.

Castro, a lawyer and the son of a small plantation owner, was a nationalist and a member the radical Ortodoxo Party, a party loyal to the ideals of Jose Marti. He and his comrades were steeped in the tradition of the guerrilla struggle and military seizure of power. Indeed he came to national prominence in 1953 as the leader of an attempt to seize the military barracks at Moncada.

Released from prison after two years in an amnesty along with his brother Raul, Castro proceeded to organise another guerrilla campaign from exile in Mexico. In 1956, 82 guerrillas including the Castro brothers and Che Guevara, landed from the boat Granma only to be ambushed onshore. A handful of guerrillas managed to make it to the mountains of the Sierra Maestra.

The July 26th Movement (J26M), as Castro’s movement was called,

also had cells in the cities, especially Havana, led by Frank Pais. It was a nationalist movement, not a socialist one. It was committed to overthrowing the Batista dictatorship and freeing the country from US domination in order to develop an independent Cuban capitalism. This, in Castro’s words, was an Olive Green revolution not a red one.

The J26M had very poor relations with the pro-Moscow Cuban Stalinists, the PSP. The PSP had denounced Moncada as “putschist” and “adventurist” and its central leadership took the same attitude to the J26M in 1956, despite the PSP being made illegal by Batista.

By 1958 the Batista dictatorship was deeply unpopular and corrupt, largely propped up by US aid and arms. The J26M by contrast was seen as honest and nationalist – and it recruited heavily from the deeply exploited rural workers. When Batista ordered a full-scale offensive against the guerrillas in the mountains his army suffered a major defeat and, demoralised, started falling apart.

On New Year’s Day 1959, with Castro’s military column closing in on Havana and the city in the grip of a general strike, Batista and his

town and country – 43% of the rural population could not read, 44% never went to school, only 8% had access to any free medical care – there was widespread disease and under-employment in the countryside. By contrast 80% of hospital beds and 60% of doctors were to be found in the capital, Havana, along with 50% of all the light industry.

This explains the enormous support the Castroite movement drew from the agricultural proletariat and why land redistribution was a first priority of the new government after 1959. The J26M had promised to address the stagnation of the rural economy and end the total dependence on sugar.

The moderate land reform of 1959 gave way to a much

more radical one – US and foreign owned plantations, farms and mills were occupied and expropriated as relations with the US deteriorated. By 1965 redistribution of land had increased the number of small farmers from 45,000 to 160,000. They controlled 20% of arable land and were grouped together in the Association of Small Producers (ANAP).

Most of these small farmers were organised into co-operatives receiving state inputs – equipment, fertiliser – in return for producing for the state. Both co-operatives and family-run farms owned their own land, but with restrictions on its sale. The large sugar plantations and cattle ranches became state farms, taking 63% of all the land. Insecurity of employment for the plantation workers

entourage fled in a private plane to Florida. The government that came to power was an impeccably nationalist and bourgeois one – the President, Urrutia, was a judge, the Prime Minister, Cordona, Dean of the College of Lawyers. While the J26M took some ministries, real power, as the bourgeoisie was soon to discover, lay with the guerrilla army and its close-knit leadership group around Castro.

A “duality of power” ran not only through the government but through the J26M itself. The J26M was a loose coalition, with a left wing around Che Guevara and Raul Castro and a nationalist anti-communist wing around figures like Faustino Perez. Fidel balanced between these two, as leader and “Bonaparte”. The J26M was no democratic organisation; its one and only national meeting early in 1959 ended in a furious argument between left and right, with even the Castro brothers pitted against one another – it never met again.

The event that blew up the J26M, and with it the governing coalition, was the land reform proposed in the summer of 1959. Inequality on the land had been a driving force of the Cuban revolution: 40% of the workforce in Cuba in 1958 were unemployed or under-employed, with sugar cane workers working on average only four months of the year. Massive ranches and plantations existed alongside peasants trying to scratch a living on tiny plots. The proposed land reform was initially quite moderate, allowing estates of up to

1,000 acres and even exempting many “efficient” rice and sugar plantations and cattle ranches from this limit.

But provisions for Cuban ownership of land, which threatened companies like United Fruit and Cuban American Sugar, and more importantly the revolutionary context in which the reform would be introduced, petrified the US. They decided to draw a line in the sand, whipping up a campaign against it and demanding prompt compensation instead of the 4% long-term government bonds offered. The National Security Council in Washington started to prepare a plan to get rid of Castro.

Confrontation quickly escalated, bourgeois government ministers resigned or were sacked, air force officers spoke out against “communism” and were purged. Raul Castro was put in charge of the Defence Ministry, re-named the Revolutionary Armed Forces, where he conducted a further purge of unreliable elements and organised a supplementary militia.

The US replied to the land reform by cutting the sugar quota – it took almost the entire Cuban sugar crop at a set price, the mainstay of the economy. The Soviet Union stepped in and offered oil in exchange for the sugar; the US ordered Texaco, Standard Oil and Shell not to refine it; Castro nationalised them. The summer of 1960 saw a wave of nationalisations; of sugar mills, factories, utilities, banks, hotels. By the end of it the great majority of

industry and agriculture was in state hands.

Castro faced with having to bow to Washington, as the right argued, or fight, as the left of the J26M wanted, sided decisively with the left. Even disagreements with the PSP had to be put aside, and by 1961 an “Integrated Revolutionary Organisation” was formed. It was just two days before the US instigated invasion at the Bay of Pigs, on April 17 1961, that Castro declared that the character of the revolution was now “socialist”. The capitalists had indeed been expropriated, but in no sense had the capitalist state been smashed and replaced by a new workers’ state, the “commune state” that Lenin argued for in *State and Revolution*.

Having destroyed the bourgeoisie’s most important means of defence, the army and police, in the 1959 revolution, Castro’s government was able to adapt the existing state machine through a series of purges and restructurings to run a post-capitalist Cuba. The Cuban state of the 1960s was a highly centralised and “top-down” state, with little democracy. It was run as the guerrilla army had been, and by virtually the same tightly knit group who had led the struggle in the Sierra Maestra.

And it had traded subordination to the US for economic dependence on the USSR, a dependence that was to shape its development for the next three decades.

was ended; sick pay, medical services and pensions were now provided for workers.

Over the next decades state resources were directed into education and medicine in the rural areas. Campaigns reduced illiteracy from 23% to less than 4%, free education was provided through a school and university building programme, and universal free health care became the norm.

These were all real gains for the workers of Cuba; the glaring inequalities of wealth, between town and city and

### **In common with Yugoslavia and China, Castro had come to power at the head of a popular mass movement which gave it an influence in the masses**

within society generally, were dramatically reduced. But because of the US economic blockade this redistribution took place in the context of scarcity and rationing – despite the enormous subsidies given to the Cuban economy by the Soviet bloc.

#### **King Sugar**

As early as 1963, after Castro's return from a trip to the USSR, it was announced the Cuban economy would continue to rely on sugar production. Early ideas, influenced by the UN's Economic Commission for Latin America, of economic diversification through "import-substitution industrialisation" were put on hold. In the early 1960s the whole economy had to be redirected away from the US and towards the USSR and Eastern Europe, which previously had taken 0.3% of Cuba's trade!

By 1972, having adopted Soviet-style planning methods, Cuba was considered ready to be admitted into the Council of Mutual Economic Assistance (CMEA), a body that integrated the economies of the USSR and Eastern Europe. Cuba was allocated to produce sugar and nickel at preferential prices (much of it paid for with subsidised Soviet oil), credits were extended interest free and Cuba's debt to the USSR, which was now considerable, was deferred for 13 years.

It is estimated that Cuba benefited from these preferential prices and aid to the tune of several billion dollars annually, and indeed the first half of the 1970s were almost a golden era in Cuba with double-digit annual growth rates.<sup>1</sup> Historically high prices for sugar on the world markets helped, as did the coming on stream of a new generation of university graduates and technicians who had come up through the Cuban education system.

As a result Cuba avoided the fate of most of the "Third World" countries in this period, which suffered dramatically from the world recession of the mid-1970s. It did not however avoid indebtedness. Taking advantage of the cheap recycled petrol dollars, Cuba borrowed from the west in the late 1970s. But as sugar prices declined by the early

1980s it was having difficulty servicing its borrowings and in 1986 it defaulted on its \$4bn debt, making it even more dependent on its trade with the Soviet Bloc.

While Cuba's receipt of aid and subsidies from the Soviet Union allowed it to not only survive the blockade but develop its health, education and social programmes, it had negative consequences as well. The economy remained largely dependent on sugar for export income; its production was highly mechanised – dependent on Soviet equipment and subsidised oil.

Outside of this protected market Cuban sugar increasingly failed to compete on the world market. Just as Cuba's factories and mills had been dependent on US technology, now they were dependent on less efficient and less advanced Soviet machinery. This dependence was to lead to disastrous consequences with the collapse of the Soviet Union and the Stalinist states in Europe in the late 1980s.

#### **Cuba: a degenerate workers' state**

Cuba certainly was not identical to the regimes in the USSR and central Europe. In common with Yugoslavia and China, Castro had come to power at the head of a popular mass movement which gave it an influence in the masses and a popularity never achieved in say East Germany or Czechoslovakia.

But unlike the Chinese or Yugoslav communist parties, the J26M was not Stalinist, although it had leaders in it like Che Guevara, who considered himself socialist, and Raul Castro who had been a member of the Cuban Stalinist youth movement at university.

In the 1960s a purged J26M became Stalinist. Under pressure from imperialism they had expropriated the capitalists and nationalised virtually all land, industry and services. They now had to run it. The bureaucratic planning models of the Stalinist states, and "top down" controls of the economy appealed to the guerrilla leaders used to issuing orders from the top and having them obeyed.

Not only did trade link these states, but thousands of technicians and economists from Czechoslovakia and the USSR arrived to teach them their planning methods – based on centralised targets and management without any organs of workers' control or democracy.

The fusion with the Stalinist PSP went less smoothly. The first unified organisation the ORI was closed down in 1962 when the J26M proved itself no match for the 18,000 strong PSP, who proceeded to take over most of the key positions. The second attempt, which led to the formation of the Cuban Communist Party (PCC) in 1965, was more successful but changed little in terms of who ran the country at the top; power remained firmly in the hands of Fidel Castro and the small group of guerrilla leaders who had led the anti-Batista struggle; Fidel and Raul were appointed first and second secretaries of the party. Indeed, party leaders were not elected by the PCC until 1975 when the first congress took place, 10 years after its foundation!

The brief period of democracy and the explosion of political and cultural discussion that followed the overthrow of Battista was gradually closed down, starting in

the early 1960s. This was the result of growing imperialist pressure and internal disaffection. There was a mass exodus of people opposed to the direction of the revolution – not only landowners, farmers and business owners but doctors, engineers and skilled technicians – 211,000 emigrants left up to 1965 out a population of 6.5 million. The J26M fragmented, with some of its right wing seeking aid from Washington and starting a guerrilla campaign in the mountains. The CIA-financed invasion at the Bay of Pigs in April 1961 was the culmination of a campaign of sabotage and bombings.

At this time there were mass arrests of tens of thousands of suspected counter-revolutionaries, and while many were quickly released, 20,000 remained in jail in the early 1960s. In every town and city, Committees for the Defence of the Revolution (CDRs) were set up, which served a dual purpose of performing militia and guard duties and being the eyes and ears of the party in every district and street.

By 1965 when Cuba had effectively become a one party state. The army started to draft those considered “socially deviant” into prison-like camps called Military Units to Aid Production (UMAPS). Homosexuals, Jehovahs Witnesses, prostitutes, and by 1967, dissident artists and intellectuals, were being sent to these camps to be “re-educated” through unpaid labour. Growing protests by Party-affiliated writers and university professors finally pushed the regime to close these camps after two years of operation.

While censorship and restrictions on debate in Cuba in the 1960s and 1970s never reached the dictatorial levels that existed in the USSR or Eastern Europe, virtually all organs or centres of independent politics and organisation had been closed down by the end of the 1960s. All discussion had to be conducted within the framework set by the PCC and led by the Party or its carefully controlled “mass organisations”.<sup>2</sup>

## A special period in time of peace

The coming to power of Mikhail Gorbachev in the USSR in 1985 threw Cuba into turmoil. While some in the Cuban leadership initially took a sympathetic stance to Gorbachev’s policies of glasnost (openness) and perestroika (restructuring), Fidel Castro wanted nothing to do with these proposed reforms.

While Gorbachev proposed some market mechanisms to dynamise the stagnating planned economies, Castro’s diagnosis of Cuba’s problems of the 1980s (falling living standards, debt and growing corruption) focused on the failure of material incentives.

The short-lived campaign for “the rectification of errors and negative tendencies” launched at the PCC’s Third Congress in 1986 focused on re-centralising the economy, cutting back on material incentives that aimed at increasing production, and restricting the use of market mechanisms.

The first casualty was the highly popular “farmers markets” where small farmers could sell produce over and above what they produced for the state. Ideological commitment and voluntary labour was to be emphasised as an alternative to material incentives to increase productivity.

## OBITUARY

# Celia Hart Santamaría 1962–2008

CELIA HART, along with her brother, was killed in a traffic accident in Cuba in early September. She was known on the European and international left as a critical thinker and sympathiser of Trotsky – a rarity on the Cuban left.

Her parents were long time supporters of the Cuban revolution. Her mother took part with Fidel Castro in the attempt to seize the Moncada Barracks in 1953 in the struggle against the Batista dictatorship and her father Amando Hart was Minister for Education and then Minister of Culture in the Cuban government.

Indeed it was through her father that she came to sympathise with Trotsky and Trotskyism. A physicist who studied in East Germany in the mid-1980s, she returned deeply disillusioned with Stalinism. Her father, as a result of her worries, lent her copies of *Revolution Betrayed* and Deutscher’s three volume biography of Trotsky. It was from reading these she became convinced that the Russian revolution had been betrayed by Stalinism.

Celia was a regular speaker on



platforms of the far left in Europe and internationally, and was instrumental in the launching of a new Spanish version of Trotsky’s *Revolution Betrayed* last February at the Havana Bookfair.

Celia was well aware of the dangers of the marketisation process going on apace in Cuba and talked of “the nightmare” possibility that Cuba would follow the Chinese road of restoration of capitalism. Her death is a sad political loss in Cuba at a time when critical voices who support genuine socialism are few and far between.

Tributes, reminiscences and obituaries can be found at [liamacuaid.wordpress.com](http://liamacuaid.wordpress.com) and at [www.marxist.com](http://www.marxist.com)

The campaign was short-lived because by 1989 Gorbachev, on a visit to Cuba, made clear to Castro that the old subsidised trading relationships were coming to an end. By 1991, with the collapse of the Soviet Union, Cuba was virtually cut off from the countries that accounted for 85% of its trade – it was now able to buy imports only with scarce dollars. The economy spiralled into an abyss.

Between 1989 and 1993 oil imports dropped 70%, having a devastating impact on a highly mechanised and fuel-dependent agricultural sector – oxen had to be used to replace idle tractors in some areas. In the cities, as buses lay idle, millions walked to work or if they were lucky were allocated one of the one million bicycles, or “Flying Pigeons”, imported from China.

Cuba’s Gross Domestic Product (GDP) declined 30% between 1990 and 1993 and living standards plummeted. Even the famed Cuban health system could not overcome the results of growing malnutrition. The average Cuban lost between 20 and 25 pounds in weight in 1992/93. An

estimated 50,000 Cubans suffered temporary blindness as a result of dietary deficiencies.

In the face of growing economic disaster the “Special Period” abandoned the policies of “rectification” and introduced a series of market reforms. The economy was refocused, with tourism taking pride of place to bring in foreign capital and much needed dollars. The constitution was changed in 1992 to enshrine protection for foreign-owned property, and allow joint ventures with foreign companies, which were allowed a 49% share (in 1995 new laws were passed allowing foreign companies to own 100% of a business). Major foreign investors poured into the new tourism industry – by 2005 the top three were Spain, Canada and Italy.

Nickel mining was another important area targeted for foreign investment – the Canadian company, Sherritt International Corporation, is now a major investor not only in nickel production but in Cuban oil as well. Nickel is now Cuba’s number one export, and oil production has expanded dramatically. Between 1995 and 2005 foreign investment increased at a rate of 8.2% a year and is now estimated to be worth \$30bn.

### Agriculture

Agriculture was subject to a radical change. The state farms had long been recognised as bureaucratic and inefficiently run, something made worse by the fuel shortages – Raul Castro reported that the ANAP co-ops were on average six times more productive. As a result state farms were

broken up and converted into Basic Units of Co-operative Production (UBPCs). These are co-operatives where the state retains land ownership but rents it out free.

Buildings and equipment were bought at a discount with low interest loans and the co-ops sell a set proportion of produce to the state while selling extra produce to the re-opened agricultural markets. While the state sets basic quotas of what should be grown, the UBPCs have an incentive to produce extra and experiment with new crops. Within the UBPCs individuals and families are often rewarded for work on particular plots, using an individual financial incentive to increase productivity.

The break up of state farms also released land that was rented free to the ANAP co-operatives if they could make productive use of them. ANAP membership has increased by 35,000 in the last few years as many families took up farming as a means of making a living. Finally the army itself continues to run large numbers of farms as part of the military “self-sufficiency” drive introduced during the Special Period.

One casualty in the drive for productivity and profitability on world markets has been the sugar industry. Once completely dominant in the Cuban economy, the collapse of the Soviet Union and sugar’s protected market in the CMEA states meant a dramatic curtailment of this crop. In April 2002 an executive order was issued to cut cane production and milling capacity by half – nearly 1.4 million hectares were to be converted to other crops, leaving only 827 hectares. The 2007/08 harvest produced only 1.4 million tonnes compared to more than 8 million tonnes

### AUSTERITY AND EMIGRATION

## Exporting discontent

THE AUSTERITY, shortages and growing inequality of the early 1990s led to growing discontent in sections of Cuban society. As in the 1960s and the early 1980s, one result was a growing number of rafters – people trying to escape by sea across the 90-mile channel to Florida. Both Cuba and the US have an ambiguous policy towards such people. The US uses it as propaganda to show how unpopular the Cuban regime is and how people risk their lives to get out, but on the other hand baulks at tens of thousands of largely economic migrants suddenly arriving on their shores.

Up to the mid-1990s it was extremely difficult for Cubans to get visas from the US embassy. Cuba also has a restrictive policy on issuing visas to travel, with only

those considered “reliable” getting the requisite white card. On the other hand, in times of stress the government often opens the gates, using emigration as a kind of political safety valve to let out thousands of the discontented.

In 1981, as a result of an occupation of the Peruvian embassy by hundreds of would-be emigrants, Castro allowed open emigration for a short period and 125,000 left for the US on the so-called Mariel boatlift.

In the early 1990s the pressure built up again and in August 1994 a riot erupted in the heart of Havana after a ferry hijack was foiled. Hundreds of Cubans threw rocks at police and a tourist hotel on the Malecon boulevard. Rapid response units quickly swamped the demonstration. As a result of this protest Castro lifted all

controls for migrants and thousands left.

US President Clinton quickly revoked the rule giving Cubans the right of asylum, and 20,000 rafters ended up in camps in Guantanamo, alongside thousands of Haitian refugees. The crisis was resolved when an agreement was reached between the two governments that the US would give 20,000 exit visas a year to Cubans and would give asylum to any Cuban reaching dry land in the US. Even today several thousand Cubans take the risk every year to reach Florida in flimsy boats or rafts.

#### NOTES

1. It says something about the nature of the Cuban regime that amongst the several thousand party members and police mobilised to suppress this demonstration was Fidel Castro himself, who plunged into the crowd to argue with the protesters, something one could hardly have imagined a Brezhnev or a Honecker doing.

in 1989. Seventy-one out of a total of 156 mills were shut, making an estimated 213,000 workers “idle”.<sup>3</sup>

The unemployment that came with the collapse of the economy meant a massive expansion of the informal sector. This led to a law in 1993 making self-employment legal; by 1996 more than 200,000 people were licensed to operate as small businesses: plumbers, decorators, pedicab drivers, truckers, private renters of rooms, restaurants, were just some of the many self-employed occupations that sprang up.

But the government took a much less tolerant attitude to these sort of businesses and the growth of a “petit bourgeoisie” than it did to large-scale foreign capital, which was welcomed. Foreign capital, they believe, can be controlled within a predominantly stratified economy. The growth of a large petit bourgeois class, sections of which will want to expand and employ labour, becoming a nascent bourgeoisie, poses a real threat to the post-capitalist state and the social basis of the PCC bureaucracy.

The small businesses were often linked to the black market and to wide-scale pilfering from state enterprises for their “inputs” such as food and fuel. In 2005 there was a crackdown against the “new rich”, inaugurated with a six-hour speech by Fidel Castro to the no doubt engrossed university students of Havana. 28,000 young communists and students were drafted in to take over the petrol pumps in Havana, discovering that a good half of the city’s petrol disappeared to the black market.

Restaurants and renters were a particular target and were hit by a wave of new regulations, one of which limited the number of covers allowed in restaurants to only 12 – a measure that led to one restaurant in Havana to mockingly rename itself Paladar Las Doce Sillas (The Twelve Chairs Restaurant). The number of licensed businesses has been reduced by half.

## **Dollarisation of the economy and its impact**

In 1995 the Cuban government legalised possession of US dollars and allowed their use in special shops to buy some food and imported goods. One purpose of this was to encourage an increase in remittances from abroad, particularly from family members who had emigrated to the US. This had a dramatic effect on the economy – remittances did increase, to more than \$1bn a year, and became a vital prop to the economy.

By 1997 two-thirds of the state’s hard currency income came from these shops (where imported goods are marked up by 240%). This compared to 11% of hard currency coming from exports and 22% from sales to the tourist industry.<sup>4</sup>

Dollars did not just come from remittances but from workers in the tourism and related industries on the island. This included prostitution, which grew dramatically in the early years of the Special Period. Equally important were the earnings of Cuban doctors and technicians working abroad – this “export of human capital” was and remains very important to the Cuban economy.

By 2006, 25,000 of Cuba’s 70,000 doctors were working abroad, over 15,000 in Venezuela alone. This increased wait-

ing times and caused labour shortages in the Cuban health service itself. These personnel are paid in hard currency and the Cuban state is paid as well in subsidised oil

The dollarisation of the Cuban economy in the Special Period dramatically increased inequality across Cuba. Those who worked in the tourist industry, received remittances from abroad or were involved in the burgeoning black market were much better off than the majority of the population who didn’t.

Old inequalities re-asserted themselves, with Havana receiving 60% of all remittances while workers in the countryside had little access to dollars. There is evidence as well that it increased the divide between black and white, with blacks having less access to the tourist industry and remittances, losing out.<sup>5</sup> Inequality doubled between 1986 and 1999.

The average Cuban wage in non-convertible pesos is \$20 a month and it is only possible to live on this by buying subsidised food. But there are only sufficient rations to supply food for 10-14 days a month, so access to money from abroad, home grown food or barter exchange based on pilfering, is essential in Cuban society.

The dramatic changes in the economy introduced in the Special Period and the influx of foreign investment pulled Cuba out of the worst of recession by the new century. Between 2003-07 Cuba registered growth rates that averaged at 6.3% a year, riding on the back of rising prices for commodities like nickel and benefiting from its trading relations with oil rich Venezuela.

## **The Special Period, the Party and democracy**

The “Special Period in Time of Peace” declared by the Party in 1990 not only changed the Cuban economy but had a considerable impact on the PCC itself. The army mothballed most of its heavy equipment, reduced its ranks from 200,000 to about 60,000 and was required to generate much of its revenue itself.

## **The “Special Period in Time of Peace” declared by the Party in 1990 not only changed the Cuban economy but had a considerable impact on the PCC itself**

In fact the Revolutionary Armed Forces (FAR) under Raul Castro took the lead in “marketising” techniques – not only in farming but with its involvement in the tourist industry. Rest-and-recreation facilities built for Soviet advisors were revamped and turned into international tourist facilities. Gaviota, the FAR’s tourist business, is still one of the largest in the country. Raul Castro was a leading proponent of market reforms in the early 1990s despite Fidel’s opposition.

The bloated party bureaucracy suffered deep cuts as there were no longer the funds to support it; two-thirds

of the paid positions in the PCC were abolished without noticeable loss of efficiency.

The shock of the sudden collapse of the Soviet Union led to a debate in the higher echelons of the party, both about the lessons to be drawn and the policies to be adopted in Cuba. These debates took place at the Fourth Congress in 1990. Reformers' attempts to allow presentation of policy differences and even campaigning in Municipal and National Assembly elections were firmly rejected; as was a proposal to re-open the free farmers' markets

**In 2007 Cuba only had an estimated 18,000 mobile phones and 120,000 internet connections. To own a car would take a lifetime of earning a peso wage**

(although this was done later in response to the growing crisis). The legalisation of self-employment and liberalisation of foreign investment were however approved.

What democracy means for Cuba has been much debated on the international left. Uncritical sympathisers of the Castro regime regularly laud the degree of participation, discussion and regular elections that take place in Cuba. They also argue that participation in the mass organisations and by workers in the factories and farming co-operatives show that Cuba is a model of democracy. Unfortunately they confuse the forms of democracy with the content.<sup>7</sup>

There is no shortage of "formal elections" in Cuba, of "participatory" meetings, and formal rights of report and recall. What there is a complete lack of is any political argument, presentation of competing political programmes or rights to organise for them. Also there is a complete lack of workers' control in the workplaces. In sum, the mass of people, the working class in whose name the regime rules, cannot control its political destiny – a complete negation of socialism.

Municipal elections, for example, reputedly have a very high turnout, with the neighbourhood assemblies that choose candidates officially having 70-80% participation rates. The elections themselves have turnouts reportedly running in the high 90% range. But the multi-candidates chosen (between two and eight is the norm for one post) only put forward biographies, not what they stand for.

No one is allowed to campaign, not even the PCC, so not surprisingly independent surveys show people vote on moral criteria, on whether someone is "honest", whether he or she shows "solidarity with neighbours". Surveys show that a large proportion of the voters do not even know which candidates were members of the PCC or Union of Communist Youth but surprise, surprise 70% of those elected turn out to be Party members! What this encourages is in fact apolitical voting, and a feeling that important political decisions and arguments are for others "at the top". It encourages political passivity.

It is little different with the much-trumpeted democ-

racy in the co-operatives and workplaces. Ron Ridenour, a Cuban sympathiser and regular visitor to the country, gives a flavour of a UBPC cooperative he knows well in a recent pamphlet.<sup>8</sup> He describes a general assembly that decides on work priorities, chaired by the Director, Matias, who is appointed (not elected) by the regional UBPC.

After a long report there is one question and no discussion or comments. Ridenour says: "After the rather dry assembly, I milled about outside with some long-faced members. People were unhappy with the constant turnover of members, with the fines imposed for untidiness, and Matias' manner of addressing them as underlings. Mirta and her crew said they did not speak up because 'it would not change anything'."

This does not mean that the Cuban government does not have a base of popular support. This is a party that had 780,000 members at its last congress in 1997; the Union of Communist Youth has another 600,000 members while various mass organisations linked to the party, like the Federation of Cuban Women and the CDRs, bring another layer of the population into a loose supportive network.<sup>9</sup>

Its support is further enhanced by national pride at having stood up and survived the constant blockade and attacks from Washington. But this does not mean there is no criticism and everyday annoyance at the inefficiencies and authoritarianism of the regime. There is a desire amongst significant sections of the population for change; it is a desire that could well be turned in the direction of capitalism in the face of a dictatorial one-party state that insists "it knows best".

An independent CID-Gallup poll that was allowed by the government in 1994, asked Cubans what was the "major achievement" of the revolution. Top of the list were education and health. When asked about achievements versus failures, 58% said there had been more achievements than failures while 31% said there had been more failures. Of course, this was in the midst of the economic crisis, but it shows that the impression that some uncritical Castro supporters give of a country four square behind "Cuban socialism" is far from the truth.

Criticism of the regime from the public often revolves around its inability to deliver modern consumer goods or to maintain and repair housing and apartments. In 2007, Cuba, with a population the size of Greece, only had an estimated 18,000 mobile phones and 120,000 internet connections. To own a car would take a lifetime of earning a peso wage. Supporters of the regime will quickly point to the excellent health service and free education to university level etc, but this is no compensation for an ordinary worker who cannot get their shower repaired or get hold of a decent washing machine.

The tendency of both the regime and its supporters abroad is to dismiss these desires as an obsession with "materialism", as an unhealthy tendency to want to imitate the flesh pots of US capitalism. It is an attitude that at best leads to a lack of trust in the working class. It informs the idea that the Party's role is to steer the workers down the correct road and stifle these "unworthy ideas" – along with any organisations that might encourage them. At worst, it leads in periods of crisis and revolt, to a history

## Free the Cuban Five!

WHEN CUBA started developing its tourism industry in the 1990s, exiles in Miami started a sabotage and bombing campaign against it. Tourist buses and hotels were attacked and an Italian tourist died in an explosion in Havana's Copacabana Hotel. Cuban protests to the US to crackdown on this terrorism fell on deaf ears.

A team of Cuban security operatives penetrated the right wing exile movement in Florida and collected important evidence of planned attacks. Hoping to thwart these, Cuban officials met with the FBI and handed over information and phone transcripts, locating individuals and organisations planning such attacks from Florida.

The results should have been predictable. The FBI used this information not to track down the terrorists but to track down the Cubans working under cover. They were arrested, thrown into solitary confinement for 18 months, and then sentenced to maximum prison terms varying from 15 years to double life sentences. They remain incarcerated in separate maximum security jails across the US despite international

campaigns calling for their release.

This is only one incident in the long campaign of US destabilisation and sabotage against Cuba. The current Bush presidency lists Cuba as an "enemy state" and "outpost of tyranny" and therefore anything goes in its campaign against it. The Cuba America National Foundation (CANF), an exile Cuban lobbying group with powerful links to Congress, holds an arm-lock on US foreign policy towards Cuba. Bush and his brother Jeb Bush, former Governor of Florida, were deeply dependent on this lobby group and its support for their campaigns. In 2003 Bush set up the Commission for Assistance to a Free Cuba (CAFC). The purpose of this commission is to hasten and plan for the "transition to democracy" in Cuba following Castro's demise.

Its reports included plans for US intervention if the post-Castro transition was "attended by violence" – they involved detailed plans for re-organising the economy and education and the holding of "multi-party elections". Eighty million dollars were allocated initially to "promote democracy in Cuba", i.e. to finance pro-US dissidents, and money

poured into anti-Castro radio and TV stations beamed at Cuba.

Washington's approach to the "war on terror" can be judged by two notorious individuals freely residing today in the US. Orlando Bosch and Louis Posada Carriles have been implicated in the destruction in mid-air of a civilian Cuban airliner in 1976–73 people were killed as a result of a bomb on the plane, including all the Cuban youth fencing team. When Bosch applied for legal residence in the US in 1990 George Bush senior overruled objections by the US State department that he had a terrorist history and rewarded him with residence.

Posada was charged in Venezuela in 1976 with involvement in the bombing of the plane, but "escaped" from prison while awaiting trial. In 2000 he was convicted in a Panama, having been found with large quantities of C-5 explosives – Fidel Castro was speaking at the time at the Panamanian University. Convicted, this time he was "pardoned" by the Panamanian President.

He now lives in Miami having been bailed from illegally entered the US. Currently George Bush is blocking his extradition to Venezuela for the airplane bombing on the grounds that he would not get a fair trial!

of Stalinist parties crushing critical movements, cheered on by their supporters abroad.

### Cuba after Fidel

Raul Castro's few months in charge have not seen major policy changes but rather a continuation of the policies of the last few years. Raul Castro has always been on the wing of the party that favoured more material incentives and market reforms as a way of increasing productivity. But he has also been a fierce defender of the PCCs monopoly of power.

The question is whether Raul will turn out to be Cuba's Deng Xiaoping, the man who presides over the start of the restoration of capitalism in Cuba while keeping the PCC in power, or whether, as he has said, he will keep his reforms "within socialism".<sup>10</sup>

His recent changes have included allowing more private farming on state land, lifting the restrictions on

ownership of mobile phones and personal computers for those who can afford them, and allowing Cubans to stay in tourist hotels. He has also declared his intention to revalue the peso, gradually moving it to par with the convertible peso.

This would mean a move away from the rationing system and subsidised food and is linked to recent changes in remuneration of workers in state concerns. In June vice-minister for Labour Carlos Mateu made a speech against "egalitarianism" in the wages system, and announced an end to any limits on wages along with differential bonuses for managers and workers. He argued the salary system should be used as tool to increase productivity, that "generally there has been a tendency for people to earn the same, and that egalitarianism is not helpful".

The Cuba that Raul Castro has taken over has a very different economy from that which existed in the first three decades of the revolution, yet it suffers from many of the same problems. Now large parts of the economy,

often the most dynamic sectors, rely on foreign capital, expertise and international markets.

Yet Cuba remains a post-capitalist economy with 75% of its economy in state hands – a sector not functioning according to market dictates. The state still sets production targets on the land and in the state run factories. The state – not the market – sets the price of goods sold at peso values.

### **The Cuban revolution could only have developed in a revolutionary direction if it had made it Cuba's first priority to spread its revolution beyond its shores**

While this section of the economy is for the moment “sealed off” from market competition, the economy as a whole only works because of the supplementary marketised and dollarised sector. It is clear the Cuban government sees the future firstly in the expansion of this sector and, secondly, in driving up productivity in the state sector by incentives and market reforms.

In doing this the PCC faces major problems. Even though Cuba has had success in attracting capital from Europe and Canada and developing important trading and development ties with Venezuela and more recently Brazil, the US blockade cuts it off from a natural export market and from a major source of foreign capital. Getting this blockade lifted has been an important foreign policy goal of the Cuban government – if it were to happen it would undoubtedly lead to a new inflow of foreign capital from the US.

Transforming the state sector and moving to a convertible currency will mean attacks on the living standards of the working class. As with China's dismantling of the “iron rice bowl”, it will mean the end of rationing and subsidies, rising prices in transport and growing inequalities between those who work in “productive” industries and those who don't.

The reforms introduced into the agricultural sector, which makes the cooperatives increasingly orient towards the market sector of the economy, makes this sector ripe for conversion into a private sector if the state so decides. Indeed many of the reforms pushed through in the Special Period, taken together, suggest that the long term strategy of the leadership of the PCC is based on following the “Chinese road to capitalism”.

#### **So what would you have done then?**

At this point in the story, Cuba's supporters will rightly say: so what would you Trotskyists do then? One is tempted to reply: well we wouldn't start from here! One difference between the Trotskyists and Stalinists going back 80 years is over the international character of the socialist revolution.

Trotsky argued that socialism in one country, even a

country the size of the Soviet Union, was impossible. A major cause of the degeneration of the USSR into a caricature of socialism was the subordination of the struggle for international revolution to the goal of Russian development. If this was the case in a huge country like the USSR how much more is it the case in a medium-sized island in the Caribbean?

The Cuban revolution of 1959-60 could only have developed in a revolutionary direction if its leadership had made it Cuba's first priority to spread its revolution beyond its shores, primarily into Latin America and the Caribbean. There was some recognition of this in the Cuban leadership in the 1960s, especially by Che Guevara. But it was based on a fundamentally flawed political strategy of a guerrilla insurgency of the peasantry, whereas the crucial task was supporting and building revolutionary parties amongst the working class, the only class that could lead a socialist revolution on the continent.<sup>11</sup>

After the death of Guevara in 1967, with this strategy in tatters, the PCC turned to a reformist strategy of cultivating allies amongst the Latin American states, for example praising the strategy of the Popular Unity and Salvador Allende in Chile and urging moderation on the impatient revolutionaries there.

Many of the problems that exist in Cuba today have their origins in the political model of Stalinism that the Cuban leadership adopted in the early 1960s. The monolithic regime which banned all other workers' parties, guaranteed that creative political discussion and argument within the revolution would be stifled.

The news media in Cuba today, with its one dimensional presentations, its diet of exhortation and keeping to the party line, is held in contempt by most Cubans outside the party; they regularly decry it as boring and monotonous. The adoption of a Soviet-style bureaucratic planning system, based on direction from above, completely fails to harness the creativity of the workers that only democratic planning built from below could achieve. The result is low productivity, inefficiency and passivity on the part of the workers.

The solution to these problems is not more incentives and market mechanisms, but a revolutionary shake-up of the planning system from top to bottom, one that puts the workers in charge of production. But to do this means breaking the monolithic control of political power exercised by the PCC.

It means introducing workers' democracy, that is, real soviet power, as opposed to the fake organs of peoples' power that currently exist in Cuba. None of this would immediately solve the problems that Cuba faces. It would still remain a small country surrounded by a hostile sea of capitalism. But such a revolution – and it would need a political revolution in the country against its rulers – would inspire the workers in the rest of Latin America, in Venezuela, Bolivia, Brazil, to also take their destiny into their own hands.

The alternative scenario now beginning to be played out on the island, is a gradual return to capitalism Chinese style. Cuba has come through an economic crisis that would have caused mass uprisings and general strikes in most capitalist countries. To date, however, the PCC has

been able to mobilise support from the population.

As we have seen in China this same monopoly of power and support can be used to dismantle the social gains of the workers and introduce capitalism red in tooth and claw. There is no doubt that the leadership of the PCC in Cuba would like to follow a different transition, one

that preserves the social welfare provisions, health and education, while adapting the economy to the demands of capitalism.

The problem is that, in the era of globalisation and neo-liberalism, the idea of creating a Sweden of the Caribbean is a mirage, as the Cuban workers will soon discover.

#### ENDNOTES

1. The Socialist Workers Party, which characterises Cuba as state capitalist, took this division of labour within the CMEA as an example of Soviet Imperialism, which according to them dominated not only Eastern Europe but Cuba as well up until 1989. It is a strange kind of imperialism which instead seeking super-profits poured billions and billions of dollars into Cuba's development for more than two decades, with no strategic return either after the withdrawal of Soviet missiles in 1962.

2. The Cuban Trotskyists of the POR(T) operated publicly from the revolution in 1959. They were one of the first opposition parties to suffer repression. In April 1961 their offices were raided and the paper seized along with plates for a Cuban printing of Trotsky's Permanent Revolution. After the imprisoning of many of their members and leaders in the early 1960s the POR(T) was forcibly dissolved in 1965 (see Revolutionary History Vol 7, No 3, Trotskyism in Cuba).

Organised opposition to the Castro leadership within the PCC was also harshly dealt with. In 1968, at the end of a period of tense political relations with the USSR, a supposedly pro-Soviet micro-faction led by Anibal Escalante, a leader of the old PSP, was not only expelled from the party for trying to undermine the Castro leadership but given heavy prison sentences. Escalante was given 15 years hard labour. KS Karol's Guerrillas in Power, 1971, gives a good account of the early years of the revolution and the tensions between the J26M and the PSP, and between Cuba and the USSR in this period.

3. Quoted in Cutting losses: Cuba downsizes its sugar industry, in A Contemporary Cuba Reader, Philip Brenner Ed, 2008. Many of the statistics on agriculture in this article are taken from this book's useful collection of essays on the Cuban economy.

4. In 2004 the government de-dollarised the economy introducing a convertible peso (cucs) at fixed exchange rate of one to one. Dollars now have to be exchanged for these, with the government charging a tax. These cucs circulate alongside the non-convertible

peso and are used in the special valuta shops.

5. See Dollarisation and its Discontents in the Post soviet Era, Susan Eckstein in A Contemporary Cuban Reader op cit

6. The Gini Coefficient, a standard measure of inequality in society, rose from 0.22 to 0.41.

7. Thus Dr Diana Raby, author of Democracy and Revolution: Latin America and Socialism Today, recently declared in a debate on the subject on the Red Pepper website. Many Western socialists and progressive activists argue that Cuba needs to democratise, but they fail to appreciate both the realities of the US blockade and the characteristics of Cuba's own socialist democracy. Unlike in the Soviet Union or China, in Cuba local delegates of popular power are elected in multi-candidate polls in which the Communist Party is legally prohibited from intervening, and have to report back every six months to open meetings of their electors who have the power of recall. Municipal assemblies and People's Councils function as real instances of direct democracy in which local people intervene actively in running their own affairs."

8. R Ridenour, Cuba: beyond the crossroads, London 2007

9. These mass organisations which can be directed by the state give Cuba some advantages over other states. For example as part of an energy saving measure all Cuban households were issued with energy saving light bulbs in 2005, with students and UJC members going door to door to 5 million households. The recent ability of Cuba to avoid significant loss of life in a series of hurricanes that killed hundreds in Haiti is another example of how state organised evacuation and shelter directed by mass organisations can be vital in protecting society.

10. Of course this phrase "within socialism" does not settle the question as the Chinese Communist Party, masters in doublespeak, still talk about China as a communist state even when it is one of the largest and most dynamic capitalist powers in the world!

11. See Che Guevara: the man, his struggle and his ideas by Keith Harvey at [www.permanentrevolution.net/entry/511](http://www.permanentrevolution.net/entry/511)