

CUBA: THE CURRENT SITUATION

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In 1998, the RAND Corporation organized and convened "The RAND Forum on Cuba," which was held in three sessions in Washington, D.C., on February 19-20, April 16-17, and May 28-29. The Forum provided a non-partisan venue for a diverse group of individuals from in and outside the U.S. Government to discuss, according to a structured, interactive format, where Cuba is headed over the short- to medium-term, why Cuba is important to U.S. interests, and what should U.S. policy be toward a Cuba under and after Castro.

One of the Forum's key findings, on which there was virtually universal agreement, is that Cuba's leadership today is *not* committed to fundamental system change. To be sure, Cuba has ceased to be the totalitarian state it once was as the state itself was severely weakened by the collapse of the Soviet Union in 1991, and by the economic contraction that followed whereby Cuba's gross national product declined by perhaps as much as 40 percent by 1994 compared to 1989. The consequence is that today's Cuba differs from the Cuba of a decade ago: because of the acute economic crisis, the government has been obliged to open up the island to foreign investors and tourists, dollarize the economy, and permit self-employment by Cubans in trades, crafts, and services.

CUBA HAS YET TO ENTER THE STAGE OF SYSTEM TRANSITION

Nevertheless, Cuba has yet to enter the stage of system transition. It thus differs substantially not only

from the former East European communist states, but also from current Asian communist models. With Castro in the lead, Cuba continues to resist fundamental economic reforms in contrast to communist China, where Deng Xiaoping opened up the economy starting two decades ago, and Vietnam, where economic liberalization commenced in the late 1980s. Unlike in those two countries, the Castro government's liberalizing reforms so far have amounted to tactical concessions that can be withdrawn or modified as has happened with self-employment. They do not signify permanent structural change imbedded in law and the constitution.

COMMANDING ROLE OF THE STATE

That Cuba today is characterized by stasis is seen by the commanding role of the state. The state controls Cuba's economy to a greater degree than in the economies of not only communist China and Vietnam today, but also Poland, Hungary, and Czechoslovakia in the 1980s. Foreign investors must contract with the state, and are required to enter into joint ventures with the government, including in the highly lucrative tourist industry. The state operates dollar-only shops to capture the hard-currency spent by foreigners and Cubans spending their remittances. A military enterprise called Gaviota runs a far-flung complex of tourist resorts and services. The sugar industry is under the command of the military and a high-ranking Army General. And rather than dismantle or privatize them, the state continues to oper-

1. These remarks are drawn from an essay written by Edward Gonzalez and Richard A. Nuccio, "The Cuban Conundrum," *Conference Proceedings, The RAND Forum on Cuba* (Santa Monica, CA: RAND, 1999), pp. 31-53.

ate inefficient state-enterprises in order not to worsen unemployment or underemployment.

CONTAINED AND CONSTRAINED PRIVATE SECTOR

In contrast, the regime has begun to squeeze the small, legalized private sector activities that in recent years it permitted to exist in designated trade, craft and service sectors of the economy. Cubans who are licensed to be “self-employed” in these sectors have become more tightly circumscribed and regulated than in the mid-1990s, with some previously legalized activities now being closed to private entrepreneurs. Fearing competition for state restaurants and hotels, and intensified socio-economic inequalities, Cuban authorities are using tax policies to eliminate certain business activities or to prevent their owners from emerging as an independent middle class. As a consequence, the number of legally self-employed Cubans who operate small, family-run “Mom and Pop” stores, repair shops, taxies, and *paladares* (home restaurants), has dropped from over 200,000 self-employed in 1996 to just over 160,000 at the end of 1998. After studying Cuba's private sector closely, Philip Peters thus observes that with respect to the government's policy on self-employment, “They've let everything play out, but they have not added any new openings. Certainly, there is no interest in letting it expand, at least not immediately.”²

CONTINUED COMMITMENT TO PAY THE INTERNATIONAL COSTS OF DOMESTIC REPRESSION

In the political sphere, the state remains as arbitrary and repressive as ever, notwithstanding the plea by Pope John Paul II. A year after the Pope's January 1998 visit, Fidel Castro celebrated his regime's fortieth anniversary in power, giving him the dubious distinction of being Latin America's longest lasting dictator. The Communist Party monopolizes political

power and brooks no opposition, peaceful or otherwise. Pluralism is not tolerated, much less promoted by the state. As José Miguel Vivanco of Human Rights Watch in the Americas has noted, “The harassment against dissidents, human rights activists or anyone else attempting to exercise the most basic rights of association and expression continues exactly the same.”³

UNIQUE POSITION OF THE CATHOLIC CHURCH

Because of its unique position and resources, the Catholic Church stands out as the only independent institution in Cuba that has been able to garner a bit more space for itself.⁴ The government has granted some limited concessions to the Church in the year since the Pope's visit, including selected access to the general population through a few radio stations, but they came only as a result of hard bargaining between the Church and government authorities. Otherwise, the state continues to control the media and access to the Internet, while hampering the rise of non-governmental bodies. As a consequence, Cuba's civil society remains in a state of infancy.

IMPLICATIONS FOR U.S. POLICY

Cambio con Fidel—change with Fidel—is currently an oxymoron

The *Comandante* appears determined not to reverse course, much less to undo everything he has stood and fought for, because to do so would undermine the historical role and legacy that he was determined to realize even before he took power in 1959. This may mean that fundamental system change in Cuba will have to await his passing from the scene or weakening his grip on power.

Indeed, Cuba's transition seems to be condemned to follow the course of transitions in the Soviet Union and China, where there were indigenous revolutions

2. As quoted by Larry Rohter, “As the World Takes a New Look, It's the Same Old Cuba,” *The New York Times* (January 17, 1999), Sec.4:4.

3. As quoted in *ibid.*

4. In negotiating with the regime, Cuba's Catholic Church has two advantages that most other non-government actors do not have in Cuba: it is a hierarchical, centralized institution and it is supported internationally by its ties to the Vatican, and the Catholic Church in the United States and elsewhere.

and where the departure of the “great leader” like Stalin, or the founding, charismatic leader like Mao, was the essential precondition that allowed system change to begin. Only then can a reformist leader like a Deng Xiaoping or a Gorbachev emerge and form a bloc of supportive followers.⁵

In contrast with the transitions led by authoritarians such as Francisco Franco or Augusto Pinochet, Cuba's socialist *caudillo* grudgingly accepted only a limited number of liberalizing economic measures necessary to arrest the economy's freefall in the early and mid-1990s. Once the economy showed signs of recovery, deeper reforms were halted and by 1996 reformers were silenced and marginalized. As the seventy-two year-old Castro told his audience in his January 1, 1999 speech commemorating the 40th anniversary of the revolution, Cuba continues to be led by someone “who dresses the same, who thinks the same, who dreams the same” as when he came down from the Sierra Maestra on January 1, 1959.

Fidel will remain Fidel

This being the case, no one should be under the illusion that the United States, Canada, the European

Union, the Pope, or the Spanish King can persuade Castro to champion reforms anew. As he made abundantly clear in his January 1, 1999 speech, he sees himself as the keeper of the faith—as the singular leader who not only will prevent the return of capitalism and its evil ravages to Cuba, but who will also save the cause of socialism for the rest of the world and all posterity. Indeed, as when he confided in his famous June 1958 letter that his “true destiny” was to wage war against the United States, the struggle against resurgent capitalism now serves as his new historic mission.

No one should take satisfaction from the conclusion the Fidel will insist on being Fidel. The longer Cuba's inevitable transition to a post-Fidel polity and economy is delayed, the more likely it will be that the Cuban people will suffer intense violence and be ill-prepared to undertake future challenges with the aid of stable and democratic institutions. And these are precisely the conditions likely to present the United States with its greatest challenges.

5. For a further elaboration of this and other points regarding the experiences of other former communist states as they relate to Cuba, see Edward Gonzalez and Thomas S. Szayna, *Cuba and Lessons from Other Communist Transitions—A Workshop Report* (Santa Monica, CA: RAND, CF-142, 1998).