

WHEN REFORMS ARE NOT: RECENT POLICY DEVELOPMENT IN CUBA AND THE IMPLICATIONS FOR THE FUTURE

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Recent policy initiatives have instigated much controversy and speculation about the goals and sustainability of reforms in Cuba today. As is always the case with Cuban affairs, the scope of the reform narrative easily rival ideological positions. At the core of the controversy, however, are three questions. Would these policies lead down the path of incremental political opening and an eventual transformation of revolutionary socialism as some optimists hope? Or are the policy initiatives simply another convenient stop-gap measure to create employment and curtail popular discontent? And finally, to what extent would new opportunities like self-employment, foreign direct investment, or market reforms successfully satisfy popular aspirations and desires for more prosperous life styles? These pressing concerns divide analysts, academics, and pundits alike and for the first time in some time, the discussion has even generated a contentious public debate inside the island.

The root of the debate stems from the fact that while some officials continue to celebrate the recent path towards liberalization, alleging that Raúl Castro is cleverly attempting to pave the way for his own succession while steering the country from the violence that characterized other transitions, developments thus far reveal a low level of enthusiasm about the impact and efficacy of policy initiatives. Contrary to the kinds of following one would expect for a regime undergoing its own rejuvenation, many Cubans do not seem to show much confidence about the future and instead are migrating abroad in record numbers, as the regime muddles through economic reforms. Most immigrants complain that policy changes in

Cuba still do not seem to improve their lives. Despite the government efforts to present itself as reformist, scores of Cubans still request visas and many others attempt to exit by whatever available means. According to *The New York Times*, the U.S. Coast Guard spotted 3,722 Cubans at sea in 2013, double the amount intercepted in 2012 (Robles 2014). According to a report published by Jen Manuel Krogstad of the Pew Research Center, the number of Cubans entering the United States increased in 2015 by 78 percent from 15,341 in 2014 to 27,296 in 2015 (Krogstad 2015). Meanwhile, Lamberto Fraga, Cuba's head of immigration, announced that just 3,500 expats returned permanently to the island in 2013 (Rey Mallén 2014). If one assumes that migration flows are the outcome, at least in part, of unmet expectations, the volume of Cubans seeking a better life elsewhere makes a clear statement about the level of popular sentiment regarding reforms. Contrary to expectations, the number of Cubans leaving the island continues to rise in conjunction with the implementation of new economic policies, when the relation between these two phenomena should be the inverse, with ongoing policy changes slowing down the exodus.

THE POLICY DEBATE

The intellectual reactions to recent changes are generally grouped into one of two positions. On one end, an optimistic camp follows a functionalist argument to posit that reforms, regardless of how tepid they might be, will redefine the Cuban polity at a marginal social cost. The rationale supporting this ar-

gument consists of the engaging appeal of incremental positive sanctions. Once reforms are in place, the argument goes, they tend to snow ball, requiring further reforms simply because of the entangling effects of issue-linkages.

Ted Piccone (2013) of the Brookings Institution, recently summarized this position succinctly when he concluded “the package of changes underway in Cuba, under the auspices of Raúl Castro and other heroes of the Revolution, lends a certain political legitimacy to the project that could facilitate a soft landing for such a hard situation.”

In his classic study *Development as Freedom*, Amartya Sen (1999) also seems to make a similar point, although not with Cuba in mind I am sure, when he argues that political liberties, such as the capacity to organize, advocate, and mobilize in the public sphere, are bedded to the expansion of markets. Once some of these essential rights are attained, Sen argues, they become part of our socio-political DNA and cannot be revoked without a major overhaul or changes in the national political scene. For this reason alone, the promotion of national development becomes worthwhile for democracy since it also connotes personal freedoms.

This argument is very persuasive and even appealing, but it is anchored in a set of tenuous assumptions that can be challenged when one takes the particular Cuban situation into account. To start, this position does not persuasively explain why Raúl will institute more concessions with few incentives to do so. As Carmelo Mesa-Lago, among others, documents, Cuba’s development policy consists of a fluctuation between orthodox Socialist rectification—with multiple appeals to revolutionary consciousness—and the enactment of various market incentives to boost productivity. This being the case, the optimist camp needs to make a more persuasive case for their views to explain why this round of policies is different this time around. Finally, one question remains. Will any self-proclaimed socialist government embark on a path to liberalization that many experts agree might undermine its authority?

At the other end of the debate one usually finds a loose coalition of skeptics and pessimists about the

prospects for change under autocratic regimes. Political realists assume a Hobbesian position, arguing instead that autocratic leaders often attempt to preserve their rule and rarely institute major critical changes on their own unless they are pressured. Since in Cuba the domestic opposition has remained fragmented and almost inconsequential, the principal push for reforms is expected to come from strict preconditions for improving relations with the international community. This was the premise behind the European Common Position years ago. Furthermore, pessimists argue that leaders tend to concede just enough control to continue their course without much deviation while unmasking, in the meantime, a convenient reformist image for external consumption. Edward Gonzalez (2015), a well respected scholar and dedicated Cuban observer, has argued as much. In a recent letter to the editor published in *The New York Times*, he complained that President Obama’s conciliatory rapprochement helps preserve the regime rather than weakening it. “Unfortunately, the president’s new engagement policy now makes the United States complicit in propping up the regime both economically and politically,” he concludes, “while leaving Cuban society even more isolated and defenseless vis-à-vis the all-powerful, coercive state.”

At least, as of 2015, the erratic behavior of the Cuban regime lends Professor Gonzalez’s argument some credence. On July 1, 2015 *The Washington Post* (2015) published an editorial announcing in no uncertain terms that while the U.S. rewarded Cuban with a historic shift towards a policy of engagement, Cuban officials wasted no time to carry out one of the most abrupt public displays of political repression in recent years. In its opening sentence, moreover, the 2015 *Human Rights Watch Report* unequivocally states: “The Cuban government continues to repress dissent and discourage public criticism” (Human Rights Watch 2015).

One noticeable change with regards to the policy debate in recent years is that the most vocal critics also come from among the cultural elite in the island. In a recent interview with the Spanish daily *El País* (Aznarez 2015), Pablo Milanés, a celebrated and popular *cantautor*, declared with apparent disgust

that the latest round of policies instituted by Raúl Castro are cosmetic and have changed nothing.¹ This sentiment seems to corroborate statements made a few years before by the well-known fiction writer Leonardo Padura who in 2011, also in an interview with *El País*, asserted that the centralized economy and the draconian state bureaucracy were among the two most counterproductive legacies of Stalinism. Moreover, he concluded that the Cuban economy has been in a state of crises for at least the last two decades (Vicent 2011).

The skeptic position is equally questionable in some respects. Who is to say that Cuban leaders finally realized that they ran out of options and must embrace some doses of capitalism, even if reluctantly, to survive and to cement their own political legacy? The latest round of initiatives could also simply be a strategic move. After all, Raúl's popularity is low and it does not seem to show any signs of improving any time soon. General discontent and skepticism is at an all time high and most people openly embrace all signs of capitalism without remorse or hesitation.

THE THIRD WAY

In this paper I shall propose a different framework to understand recent policy initiatives in Cuba beyond the lenses of polarizing extremes. My point is that existing literature on Cuba connotes an instrumentalist position that neglects the obvious fact that all organizational policies encompass multiple latent dimensions besides the consideration of policy outputs. This premise helps us unravel the paradoxical situation in Cuba today where reforms do not necessarily invoke reformism. Policies might manifest themselves as reformist, but they retain latent normative values and norms as well as cultural-cognitive schemas. This implies that reforms also become aversive regulatory mechanisms that promote social order through the dissemination of positive sanctions. To lay out my analytical scheme, I depend on insights from the burgeoning literature of new institutionalism.

Before I turn to this task, we must consider why ecological considerations render policy paradoxes effective. Societies suffering from social deprivation and autocratic governments, like Cuba, rarely experience liberalizing effects from new policy initiatives. Instead, reforms often render informal social control mechanisms effective through sophisticated, most of the time subtle, regulatory schemes. There are many reasons behind this assertion. When individuals perceive themselves being deprived, economic opportunities tend to divert attention from political claims to give way to individualism. Paradoxically, this attitude also promotes conformism and complacency rather than risk-taking or an impulse to support daring changes. In the case of China, to cite one example, prevalent consumerism and materialism is responsible for much of the conformist attitudes that today justify unprecedented ballooning social inequalities. Small concessions by autocratic regimes also seem more inflated than what they are since new policies often compare with any previous official intransigence. This is the case with Cuba's current draconian internet policy, for instance. When the Cuban government conceded to provide internet to the general public, it established about 35 hot spots throughout the island to access the web, still under the state's watchful regulation, rather than liberalizing the internet all together, and yet this infant effort was praised by some as a positive step forward. Also, despite liberalizing over 200 employment service-related occupations for self-employment in recent years, the bulk of market transactions are still zealously guarded by the state, a situation Cubans widely refer to as "auto embargo."

Cosmetic changes also foster illusions of hope about more immediate meaningful initiatives to follow. This condition can be explained by what Albert O. Hirschman referred to as the "tunnel vision" effect. In transition markets, the practical results of these impressions are that individuals overcompensate for the long effects of deprivation and become engaged

1. According to *El País*, Milanés declared: "En esencia el país no ha cambiado, sigue igual y yo creo que peor... No creo que se haya dado apertura. Yo realmente no lo creo. A veces se crean ilusiones... Cuando usted se pasea por el Malecón dice 'coño, Cuba está cambiada', pero cuando se mete tres cuerdas para dentro ya ve que no es así" (Aznarez 2015).

with some resolve in the economic activities available at present to satisfy their immediate needs and cravings, or simply, as many do in Cuba today, to try to survive or *resolver*. Depressed wages and increased inequalities have caused many professionals to abandon their learned trade to join the ranks of those in tourism-related service industries in search of some income in hard currency and an opportunity for a better life rather than mobilize against ill conceived policies.

Another illustration of reforms that are not is the case of free speech. Many Cubans today have learned to navigate the limits of accessible toleration that come along with the recent political openings. When asked about current troubles, Cubans often describe the situation in the abstract and without assigning blame on any particular culprits, speaking in such value neutral terms as “resolver,” “no es fácil,” or “la cosa esta dura” to protest current economic and social hardships. This situation of ambivalence gives the appearance of freedom of speech, distracting observers from the tacit limitations and constraints still in place with regards to the ability to speak freely in public and to organize for change. This elusive situation led a keen observer of Cuba, the journalist Jon Lee Anderson, to recently conclude: “Over the decades, Cubans have learned to speak in a form of verbal camouflage, in which key words are amplified by raised eyebrows, widened eyes, pursed lips. Cuba’s most universally understood gesture mimics a man stroking his beard: Fidel, whose name is otherwise not mentioned” (Anderson 2013).

The need to satisfy basic needs also foments elusive relations of solidarity and trust among individuals. In an insightful study about solidarity during the Soviet transition, Burawoy and Krotov (1992) argue that as the Soviet economy began to succumb to stagnation, workers became more alienated as social camaraderie eroded.

To be fair, most regimes endorse some forms of informal, aversive controls but few to the extent of autocracies. In democracies, for instance, it is all about framing, manipulating symbolic rituals, with subtle coercive strategies. In the United States the prevalent push to demonstrate our patriotism in public gather-

ings might be considered one of such tacit tactics. With regards to political discourse, politicians often control critical dissent by labeling it “activism,” a term which generally has a negative connotation and is rarely derisively applied to mainstream groups. It used to be that non-democratic one-party states employed outright repression to sustain themselves in power, but since there are so few of them left standing, they now also recur to more sophisticated means of aversive controls.

But transitional economies’ aversive craft nifty controls policy devices. One obvious reason is that when these countries embark on the tenuous path of reform, leaders attempt to manage the pace of liberalization to avoid undermining their own authority or antagonizing public opinion at home and abroad. Autocracies excel with regard to rigid social order. Along with new economic initiatives, these countries also desire to frame a new identity as reformers since enough lingering evidence of persistent traditional outright repression could hamper support for policy innovations and compromise international cooperation for development projects, eventually becoming a pricey liability for the regime. In addition to economics, there is the question of political cost that Robert Dahl (1972) first examined some time ago. According to Dahl, the cost of outright repression tends to rise disproportionately over time, eventually eroding any political capital of authoritarian governments might have had. Frequent quarrels over when, how, and who to censure, might also engender cleavages within ruling coalitions, causing irresolvable tensions.

To explain the effects of the institutional arrangements supporting autocratic political rule in Cuba, I make the assumption, following Pierre Bourdieu, that there are two distinct sets of norms associated with institutional rules and social practices. The first tend to measure by goals and outcomes, the second by everyday interactions. Moreover, I borrow W. Richard Scott’s (2008) interpretative framework of new organizational arrangements to identify three spheres of mechanisms that sustain everyday practices: (1) regulative rules (repressive legislation); (2) binding expectations (official notions of good revolu-

tionary behavior); and (3) constitutive schemas (rituals), my concern in this paper. While most analysts endlessly debate the intentions and impact of the first pillar (regulative policies), the other two deserve more attention in the Cuban case. Yet, a combination of these three pillars is what gives legitimacy to policy regimes. It goes without saying, however, that in Cuba as in any other autocratic-authoritarian regime, normative mechanisms of order often work in conjunction with various types of coercion and sanctions.

Yet as the work of Mary Douglas illustrates, rituals also support political order and social structures in at least three ways. First, rituals reaffirm a particular conception of order. This dimension usually happens by “linking” events with particular meanings. In the case of the reforms planned in Cuba, these arrangements are synonymous with consensus, progress and reform. Second, rituals associated with policy formulation embed an opportunity cost, thus the more we argue about the feasibility of a policy or a package of policies, the less attention the public usually dedicates to alternative legislative conceptions, such as repression. Perhaps we might call this second outcome “the silencing effect.” Lastly, political rituals also establish hierarchies and orders of attention. In effect, this reframing shifts political debate and might even open new avenues of opportunities. As Steve Lukes (1975) argued: “rituals help to define as authoritative certain ways of seeing society; it serves to specify what in society is of special significance, it draws people’s attention to certain forms of relationships and activity and at the same time, therefore, it deflects their attention from other forms, since every way of seeing is also a way of not seeing.”

REAL STATE REFORMS AS AVERSIVE CONTROL

Soon after Fidel Castro gained a tight control over the revolutionary government during the early years of the revolution, one of the first pieces of legislation he pushed through was the Urban Reform Law of 1960. The law was tantamount to the expropriation of property and the elimination of landlords, as renters were granted control, and in some cases even ownership, of the property they occupied. The state

also assumed de facto ownership of all real state. This meant the Housing Ministry set rents and banned real estate transactions—and speculation—altogether. In 1984, the law was amended to allow some housing sales with strict official approval, but sale permits were rarely granted.

The institution of this legal regime did not mean the end of housing speculation, however. Almost immediately after the Urban Reform Law came into effect, Cubans developed elaborate private, unregulated schemes to exchange property. In some cases, the transaction involved swaps with side payments negotiated by the parties involved; in others instances the swap was a simple straight exchange or *permuta*. Since transactions were not legally binding, abuses were frequent. Social pressures, stigma, and the fear of being reported to the authorities kept most transactions voluntary and functional. This informal regime ruled the real state market for over four decades.

Law 288, part of Raúl Castro’s reforms, announced on November 2, 2011, effectively ended all informal speculative exchanges in the real state market. The new law allows Cubans to buy and sell their homes with little government interference and at market prices (prices negotiated between the buyer and the seller). As such the new legislation has been hailed as an unprecedented step in the path toward economic liberalization and political relaxation. However, it can also be argued that the new legislation controls informal exchanges under the premise of legal protections, granting the state additional unprecedented controls.

The new decree legitimizes an economic activity which occurred primarily underground and opens opportunities to buy and sell property in the open along famous avenues, such as the Paseo del Prado in the capital city, and in urban centers throughout the island. Concurrently, it offers the state controls and regulatory schemas. Ownership of real estate is restricted to one residence and one vacation home. New real estate taxes have to be paid according to property values duly reported to the state, giving the state powers to persecute tax evaders and cheaters. Perhaps one of the most controversial provisions in

the law is the one that requires that individuals attest that they obtained the funds to buy real estate legally. This is problematic given the loose conceptions of legal boundaries and how depressed are real wages in Cuba, which would make it very difficult to accumulate enough personal savings to purchase real estate (mortgages to finance real estate transactions have not been developed).

In some respects, other than the legal provisions, few aspects of the real estate market have changed at all. Pricing continues to be set through speculation since no data on value of “comparables” are published. Brokers, or *corredores*, continue to operate despite the practice being banned. As expected, people are taking advantage of this modification in the law rather than demand further deregulation, and in 2013 around 200 thousand property transactions were recorded by the Justice Ministry.

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CONCLUSIONS

In this paper I have attempted to construct a conceptual framework to understand how social order is sustained through the manipulation of aversive control mechanisms. The uses of aversive controls provide many advantages to governments of all types, but particularly to autocratic regimes undergoing economic liberalization. Since these elusive controls are less invasive, and often are perceived as voluntary, they elicit less internal opposition and condemnation abroad. The effectiveness of these controls rests precisely in the use of positive sanctions and the appearance of reformism. As David Baldwin (1971) has argued persuasively, positive sanctions are an underrated dimension of power that often leads to conformity.

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