

CASTRO VS. CUBA

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The free world has a responsibility to help Cubans
mastermind a “velvet revolution” of their own.

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(This is an excerpt from a larger paper written in Czech, which is dedicated more to the economic analysis of Cuba.)



Contrary to the strained relations between the Czech Republic and Cuba, Czech export figures to the communist nation confirm an accelerated growth that started in 2002. An estimated \$ 16 million in exports this year could be the highest figure in the last 15 years, promising at least a partial return on the days when Czechoslovakia was the second most important exporter during the Soviet era. Delapidating old Czechoslovak power stations still provide the majority of Cuban electricity but they need now heavy repairs.

Surprisingly, a similar acceleration in trade can be seen in the US exports of food to Cuba – the embargo on which was lifted in 2001. This year is expected to bring a record export proceeds of \$ 400 million. Though this sounds a paradox, it may be a policy rational for the US long-run perspectives both economically and politically. Cuba has been under the

US embargo since 1961 and under the presidency of G. W. Bush there were several tightenings of its grip, including an establishment of the Commission on Assistance to a Free Cuba headed by C. Rice and rising C. McCarry to the post of Cuba Transition Coordinator with a task of „accelerating the demise of Castro's tyranny“. The US policies to Cuba sound definitely hard-line, but some concessions seem to be vindicated by political rationale.

The world, meanwhile, is surmising with much uncertainty where Cuba will end up politically after the end of Fidel Castro's rule. Castro has become one the most intriguing political personalities of the last 50 years. He master-minded a most improbable revolution from 1953-59, outfoxed 10 US presidents and 15 CIA directors, withstood the communist collapse after 1989, survived a series of economic catastrophes in the last 15 years and currently sneers at the world's high-power politics – all making him a magus of the impossible.

In the first half of this year, Czech diplomacy stood at the center of the European Union controversy over renewing sanctions against Havana, but its initiative only marginally succeeded, failing to rescind the more pragmatic Spanish, French and approach. Czechs became the staunchest of moralists by proposing a boycott of the dictatorial regime, and so became the closest US allies in tightening the embargo against Cuba.

Castro has fought back, however, and his external policies seem again to be on the ascent, though his internal policies remain a disaster. Cuban prosperity, supported by an annual Soviet subsidy of \$5 billion until 1989, collapsed in 1990, and its GDP sunk as much as 50%. The present GDP of \$ 2900 per capita seems to support the Cuban government's official proclamation that it has weathered the “externally imposed” crisis, but the average figures about purchasing power parity are misleading: The stability concerns only the totalitarian regime, not the 11 million of Cubans it rules. The state budget has recovered its hey-day's financial capture, but at the cost of the misery of households.

The average monthly wage of 300 pesos (\$ 12) remains one of the lowest in the world. It buys hardly 30 kilograms (66 pounds) of food, usually a choice between rice and bread. A ration card (libreta) adds some additional 8 kilograms per person, if one is lucky. Therefore each Cuban tries to work at his/her own – but moonshining is heavily punished. The Cuban problem is not only the release of all 75 dissidents jailed in 2003 or the political terror, but also one of monstrous bureaucracy, prosecution of the initiative in employment, punitive labor like in the times of encomienda some 400 years ago and the shortage of everything good for living.

Thus the domestic agriculture and manufacturing are in shatters and the only sound management comes from abroad. The majority of reforms failed in bringing prosperity. Only three reforms can accurately be said to have achieved success, and all of them deal with Cuba's external relations. The most successful one was opening up the country to tourism. In 2004, 2.4 million visitors brought the regime \$ 2.7 billion. That had to be combined with lifting the ban on foreign capital, the second major reform. With the US stepping aside by sticking to embargo, this lucrative investment of \$9 billion (for 1993-2004) fell mainly to the hands of Spanish, Canadians and French.

The third successful economic reform was the introduction of the US dollar as a parallel currency. The ensuing influx of remittances from 2.6 million Cuban émigrés became an essential injection to the standard of living of normal Cubans. Their domestic earnings of \$ 1.4 billion (converted at commercial exchange rate) were thus supplemented by additional \$ 0.8 billion. The ensuing Cuban schizophrenia is crucial for understanding what is going on.

Every Cuban citizen is able to observe daily what the capitalism offers. The regime lost the popular support that it had before 1990. So how does Cuban communism survive? First, the execution of General Ochoa in 1989 helped Fidel to recover the control over the army and police. Commander Ochoa was the hero of the Cuban army intervening in Angola

and his rising popularity was conceived a threat to both Fidel and Raúl Castro. We can only speculate how would the fall of communism look like in Cuba, would the pragmatic General be alive. The executive power of Raúl Castro, the least-charismatic leader imaginable, was thus strengthened, allowing him – as chief commander over all armed forces and chief new reformer – to integrate army and police into the economy. Political power now has direct access to the foreign exchange from investments and transfers, in addition to more than 80% of GDP revenues. CIA estimates that Raúl can call to arms 1.9 million men and the same number of women soldiers. The people are bullied daily by his networks controlling the life in each street.

Paradoxically, however, the main underpinning of the totalitarian regime comes from making the danger from outside seem credible. The EU, Russia or China are not considered threats. But Fidel remains most efficiently helped by past US policies. The decades-long and mounting embargo sealed off the presence of both US capital and US visitors. The threat that the United States would seek to reconstitute property nationalized after 1958 (estimated by Castro's propaganda at over \$ 60 billion) boosts the calls for resisting America on grounds of national pride, but it also undermines the momentum for a domestically-driven change. Last but not least, US political support of Cuban immigrants makes them look like a Trojan horse that frightens the majority of misinformed normal Cubans. "*Cuba sí, yanquis no*" – this hackneyed slogan surprisingly did not go out of fashion among people.

Although the solitary US embargo has had only a marginal impact on the Cuban economy, it represented a message of high ideological value to the rest of the world: It clearly (and rightly) identified the regime of brothers Castro as evil. No other government had such an moral integrity in proclaiming it so explicitly. But this also backfired: It made the communist propaganda of an "external threat" a credible story locally in Cuba.

Since the early 19th century, Cubans have embraced the tradition of patriotism. José Martí and his "*patria o muerte*" remained a symbol until now. Castro discovered that heating this awareness would bring the plummeting rotten regime popular support of the last resort. But this brings a message to the world politics: the struggle for the abolition of communism should bear no association with external aggression. Has it already forgotten that it was exactly this that powered the unique success of the "velvet revolutions" across Europe?

The free world should help Cubans mastermind their "velvet" dismantling of communism by themselves. This is the idea of the dissident project Varela. Czechs have the best understanding of how changes mature from the inside, while external pressure should act as a catalyst only. The shakeout should come from the grass roots of society, where even the present apparatchik Cuban elites should feel a chance for survival. Unfortunately Cuba missed its moment in early 1990s. At present the external threat sounds too strong and the military-backed network of restructured party nomenclature can lose too much of their growing fortune once the starved Cubans will lose their fear. There is a growing concern among Cubans at home and in emigration that the demise of the brothers Castro will result in a civil war. The conflicting policies of the free world, offering too many whips and too little carrots, may even press Cubans into such panicky reaction.

When the EU suspended its Cuban sanctions in January 2005, a new debate ignited about their reinstatement because of Cuba's treatment of dissidents. In response, Castro brothers immediately intensified their alignment with China and Venezuela. Now, after the June controversy over the expulsion of the EU activists from Cuba, China represents the only global power to have any chance of a strategic alliance there. Even though Beijing had hardly any thoughts about a geopolitical entrenchment in the Latin America until recently, it is being offered a windfall chance now. China is investing \$ 2 billion into Cuban nickel and oil extraction and offering trading loans. Tourism, agriculture and local businesses would be even better ventures, once the regime would yield to the younger nomenclature and liberate the

economy by following the Chinese experience. As a long-term strategy, a bridgehead in Cuba represents an excellent bargaining position for China to strike a new arrangement over the freedom of Taiwan.

The continuing advancement of left-wing populism and a renewed export of Cuban revolution to Latin America is an ideal place for China in combining its quest for economic leadership with world politics. The survival of “revolutionaries” in Cuba will be much easier with such a support. Hugo Chavez of Venezuela became another key vehicle for the survival of Fidel’s heirs. With oil at \$60 a barrel, Venezuela's daily output of 2.6 million barrels brings in \$ 56 billion a year. The alignment of anti-American new populist riches with the leftist Brasil, Colombia and potentially Mexico, where the conservatives of PAN are expected to lose the presidency and the parliament seats to two revolutionary parties of PRI and PRD in 2006, nearly all Latin America is challenged by turning left and opposing the US. Castro’s mentoring is again in the center of such moves. The containment of the Communist buildup in Latin America is therefore of world-wide strategic importance.

As the EU was forced by Czechs and Polish in 2005 to curb its overture with the Castro’s regime on grounds of breaching the human rights and the superficial deals of Luis Zapatero on Spanish-Cuban investment ventures has been found void in their capacity to influence politics in Cuba, the next strategic move for bringing democracy to Cuba rests in the hands of the United States. The inspiration can be drawn from the summer Bush-Putin meeting in Moscow. A constructive dialogue with some parts of the political spectrum is compatible with a tough demand for principles.

The renewal of the presence of US visitors and businessmen in Cuba will subdue the present paranoia of the Castro brothers, support the expectations of more entrepreneurial Cubans and offer new hope and courage to normal Cuban citizens, who might otherwise suffer of poverty, humiliation and civil war. The future of 11 million Cubans, and even hundreds of millions of people in the whole of Latin America, depends on the concerted co-acting between Europe and the United States. It was that coordinated mix of sticking to liberal values and practicing economic openness that brought communism to an internally-induced soft crash in Europe. The voices proposing that Cuban communism should be brought to its knees by unyielding orthodoxy and external pressure disregard the causes of the fall of communist 16 years ago, as well as underestimate the Cuban national pride.

An open U.S. trade policy is more likely to subvert the Cuban communist system than an embargo. The presence of American, Czech or any other businessmen from the free world at the Havana Trade Fair is not a sign of entrepreneurial greed committed to ideological sell-out, but also a message to the Cuban nation that there is a better world that they could become a part of. Castro’s regime is corrupt, economically super-inefficient and generally hated. The people at the grass roots feel desperate and abandoned. They should be made aware, similarly like it happened in Central Europe 20 years ago, that capitalism can bring prosperity and dignity to all. The propaganda of bullying them by the threat of the American power should lose on its credibility.

The politics of the free world should be therefore more supportive to raising the positive expectations of an ordinary Cuban citizen. That can be done first if thousands of US tourists would appear in the towns and villages – but rather not in the tourist ghettos where a normal Cuban is forbidden to access. More European and US businessmen should be present there and collaborate more with the Cuban middle classes. That was the beginning of communist end in Central Europe. Growing economic relationships targetted at the ventures that could have impacts on the whole Cuban society are not a paradox, but a part of the diplomatic game – one that should be more coordinated, not discontinued.