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Cuba post Castro

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Less than four months have passed since Cuba's National Assembly unanimously elected as president 76-year-old Raul Castro, younger brother of the irreplaceable leader Fidel Castro.

After 24 February it looked at first as if everything would continue unchanged. Indeed, the new incumbent was keen to emphasise that 'there is only one leader of the revolution, he cannot be replaced'. He asked permission to consult him on all key issues of development, and the suggestion was greeted with great applause.

Fidel Castro has been exempted from state duties. But he has concentrated on public activity. He reacts to all remotely important international events. He follows the progress of the election campaign in the USA with unconcealed interest. Recently he was fiercely critical of the Republican candidate, John McCain, for having accused Cuban advisors in Vietnam of taking part in the torturing of American soldiers captured in the war.

Consumer goods

However, although experts have been predicting that nothing would change, recent developments suggest that economic reform is on the way. Raul Castro himself set the tone for these changes. Speaking at a parliamentary session, the new chairman of the State council and government formulated two important principles. Firstly, he said, 'we should not use the economic embargo as an excuse to cover up our own mistakes'. Secondly, he said, there are too many bans which do more harm than good. These need to be gradually removed.

No sooner said than done. It started with everyday things [1]. New fridges from China started appearing. Citizens were allowed to exchange them for their old ones, which had served them for so many years. They were offered discount rates, and payment by installments. This went down very well with the people of Cuba. An impressive campaign, shown on television all over the world, showed young people enthusiastically drawing up lists of people who wanted new fridges.

Next, the ban on using mobile phones was lifted. Phones appeared in the shops, and DVD-players too. This move hit the black market speculators hard, for the shops could guarantee the quality of their goods, while they could not.

After that came the concession on hotels. Ordinary citizens are now allowed to rent rooms at international class hotels. Until recently, this privilege was accorded only to the very best workers of socialist labor, to state and party officials and young couples on honeymoon. These restrictions were introduced after 1990, in order to attract foreign tourists, who of course found this discriminatory measure rather surprising. Now anyone is allowed to stay at hotels as long as there are vacant rooms. The only hitch is the exorbitant cost: bearing in mind that the average monthly wage is US\$15, most people cannot afford \$160 a night.

Then, early in May, personal computers from China started appearing in shops. Although they cost up to \$800, several were bought within days. Of the 3.7 million Cubans who use computers, only 5% use them at home.

Even though wages in the country are very low, the absence in the shops of even elementary goods means that ordinary consumers are often unable to spend their wages. They save them instead. Now that things are changing, it looks as if they will need those savings. The government is keen to stamp out the black market currency that has been operating in parallel. The existence of special foreign currency shops for foreigners is a source of irritation for most people.

Family produce

Another important development is the recent decision to allow individual farms to allocate empty plots of up to 5 hectares per family. The land comes free, but without the right of sale or inheritance. This measure is intended to increase the amount of fruit, vegetables, coffee and tobacco reaching the market. It will reduce the cost of production, thus raising the purchasing power of wages. By cutting down on imports, it is hoped to be able to reduce spending of the convertible currency by about \$2 billion per year.

As part of this strategy, a chain of special shops selling basic agricultural materials are being opened. Prices in the shops are rising. More power is being vested in local authorities. Bureaucracy and red tape are being slashed.

The success of the army's own agricultural cooperatives has been put down to the absence of overzealous supervision.

Introducing incentives

On 10 April, Raul Castro announced that restrictions on wage increases were to be lifted. Commenting on this development, Cuban television described the vicious circle in which the economy was caught: labour productivity was low because workers were not motivated; low wages caused low productivity and this in turn stopped the economy from growing. The television commentator Ariel Torreiro declared that this decision did not contradict the communist principle 'from each according to his ability to each according to his needs'.

The next day, a decree on property rights was issued. This made it simpler for those who had been renting property for 20 years to register for ownership. In the event of a tenant's death, other family members living there would have the right of inheritance. The registration procedure was decentralised, and transferred to the municipal level. However, it should be noted that Cuba suffers from an acute shortage of housing, to the tune of some half million homes.

At the end of April a decree was issued increasing old-age pensions from 1 May. They were raised by 20% from 400 pesos a month, equivalent to \$17. Salaries for 9,000 employees of legal departments, including the Supreme Court and the General Prosecutor's Office have also been increased.

Next steps: the economy

These are the first, most visible steps that have been taken by the Cuban government. Reform of the urban public transport system is in the pipeline. It is also proposed that the unwieldy state factories should be made into cooperatives. This also applies to the service sphere, where small

repair workshops, which are gradually becoming privately owned, are still bound by endless instructions and bans.

Prof. Omar Everleni of the Department of Economics at Havana University, which prepared the recommendations for government, commented: 'We are not going to copy the Chinese or Vietnamese models blindly. But we will draw on them creatively, tailoring them to the specific features of Cuba's economy' [2]. The size of the domestic market is the most salient of these features.

It should be noted that Raul Castro himself has long paid close attention to the experience of the socialist countries of Asia and has skilfully adapted market mechanisms to the resolution of economic problems.

Political change

Political change will have to wait. The next Communist Party Congress, of which Fidel is still First Secretary, is tentatively scheduled for 2009. There may be breakthrough decisions then.

But attentive observers have noticed small moves already. For example, recently the official government mouthpiece, the newspaper *Granma*, recently published an unprecedented report on a march by the 'women in white'. These are women whose relatives are being held in prison on charges of dissident activity. The protestors were demanding the immediate release of their husbands and children.

Even in this extremely restricted form, this breaks new ground. The newspaper has also started publishing readers' opinions. Though still clothed in the old revolutionary rhetoric, these views contain real comments on urgent problems.

Large-scale reorganisation of the cumbersome state apparatus is planned, to make it more flexible and effective, and cut down bureaucracy. There is also considerable popular pressure for Cuba's borders to be opened, so that relatives who left the country in search of freedom and a better life can come and go freely.

Foreign policy

Cuba is looking for ways of moving forward in a changing world, without abandoning its core social achievements. It expects reciprocal steps from the superpower which has for so long maintained its blockade on the tiny island. If relations between the two could be normalised, this would stimulate the development of tourism and the flow of foreign currency.

In general, relations with China have been growing closer, at the expense of Cuba's earlier collaboration with Venezuela.

The prospects for change

Commenting on the first 100 days of Raul Castro's rule, the director of Miami University's Institute of Cuban and Cuban-American research, Jaime Suchiliki [3] described these developments as an adjustment of to the *status quo*, rather than a programme of restructuring. In Suchiliki's view, the president's circle is dominated by hardliners who oppose the idea of reform. He does not anticipate fundamental changes in the foreseeable future. While Raul Castro 'has opened the door slightly', Suchiliki maintains that the demand for political change is coming from the people.

The dissident Eloy Gutierrez Menoyo, leader of Cuba's Movement for Change, believes that these drip by drip reforms fall short of people's hopes. But he warmly welcomes the Senator Barack Obama's readiness to establish a dialogue with Cuba if he is elected president. Menoyo believes that a high-level meeting of this nature, however little mutual understanding there may be, could be useful for both sides.

Jaime Suchiliki is sceptical about this. He thinks the problem lies deeper. Is it likely that Castro will agree to the concessions demanded by the United States: the release of political prisons, the freeing of political parties and the holding of free elections? At present, Suchiliki believes not.

But while the analysts talk, change is taking on its own momentum. In mid-June, it was announced that the communist principle of equal wages was going to be abolished in favour of labour productivity. This is expected to be introduced in August. Factory directors will be able to fix salary levels. This will give workers the incentive to work hard and increase their salaries. Critics have written this off as a 'cosmetic' measure. But its importance should not be underestimated. It throws down a challenge to the existing orthodoxy.

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[1] <http://havanajournal.com/politics/entry/chronological-list-of-president-raul-castros-reform-initiatives/>

[2] <http://www.spiegel.de/international/world/0,1518,536842,00.html>

[3] <http://hir.harvard.edu/articles/1590/>



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