

CUBA AND CUBAN STUDIES:  
Crossing Boundaries during a "Special Period"

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- CONFLICT AND CHANGE IN CUBA.* Edited by Enrique A. Baloyra and James A. Morris. (Albuquerque: University of New Mexico Press, 1993. Pp. 347. \$45.00 cloth, \$20.95 paper.)
- THE PROBLEM OF DEMOCRACY IN CUBA: BETWEEN VISION AND REALITY.* By Carollee Bengelsdorf. (New York: Oxford University Press, 1994. Pp. 229. \$48.00 cloth.)
- CUBA AFTER COMMUNISM.* By Eliana Cardoso and Ann Helwege. (Cambridge, Mass.: MIT Press, 1992. Pp. 148. \$17.95 cloth.)
- BACK FROM THE FUTURE: CUBA UNDER CASTRO.* By Susan Eva Eckstein. (Princeton, N.J.: Princeton University Press, 1994. Pp. 286. \$29.95 cloth.)
- THE CUBAN REVOLUTION IN CRISIS: FROM MANAGING SOCIALISM TO MANAGING SURVIVAL.* By Frank T. Fitzgerald. (New York: Monthly Review Press, 1995. Pp. 239. \$34.00 cloth, \$16.00 paper.)
- ARE ECONOMIC REFORMS PROPELLING CUBA TO THE MARKET?* By Carmelo Mesa-Lago. (Miami, Fla.: North-South Center, University of Miami, 1994. Pp. 85. \$11.95 paper.)
- CUBA AFTER THE COLD WAR.* Edited by Carmelo Mesa-Lago. (Pittsburgh, Pa.: University of Pittsburgh Press, 1993. Pp. 383. \$49.95 cloth, \$19.95 paper.)
- CUBA'S SECOND ECONOMY: FROM BEHIND THE SCENES TO CENTER STAGE.* By Jorge F. Pérez-López. (New Brunswick, N.J.: Transaction, 1995. Pp. 221. \$32.95 cloth.)
- CUBA AT A CROSSROADS: POLITICS AND ECONOMICS AFTER THE FOURTH PARTY CONGRESS.* Edited by Jorge F. Pérez-López. (Gainesville: University Press of Florida, 1994. Pp. 282. \$39.95 cloth.)

Cuba is in frank transition. Pressured by the collapse of its relationship with the former Soviet Union, the island's socialist economy has shattered. Signs of change abound: use of the dollar has been depenalized, free markets for agricultural products have reappeared, self-employment is growing, and the government is boasting proudly of increases in tourism and foreign investment. Meanwhile, prostitution has resurfaced, the social safety net is tattered, and the Communist Party

seems to have lost claim to the moral and political high ground. Where these trends will all lead remains unclear, but the next few years will certainly result in a nation and a society unlike that of the last thirty-five years.

Given the transformations now occurring, one would expect the field of Cuban studies to be in flux—but then again, maybe not. After all, Cuban studies has been as volatile and polarized as the Cuban Revolution itself. Supporters of Cuba's achievements in social welfare have worried that anti-socialist critiques would continue to fuel a cold-war mentality that was threatening Cuban sovereignty, while detractors of the Cuban Revolution have argued that favorable accounts of the island's development amounted to little more than New Left apologism for Cuba's problematic record on human rights. Ideological tensions have run so high for years that exercising one's right to free and reasonable speech in this tumultuous and passionate subfield has seemed as dangerous as shouting Cuban health statistics in a crowded Miami theater.<sup>1</sup>

Cuban studies is nonetheless undergoing a transition that parallels the halting process in Cuba.<sup>2</sup> Ideological guards are down. Many on the Left acknowledge that socialism has been exhausted as a viable model for Cuba, and at least some on the Right have found their enthusiasm for an unbridled market economy tempered by the ongoing difficulties in Eastern Europe. As a result, positive and realistic dialogue is now possible, and most of the nine books under review here offer evidence of this maturing of the field.

My essay will review this recent wave of literature in Cuban studies. The first section will concentrate on works that explain the historical background to the current transition in Cuba. The second section will tackle the pieces that attempt the risky task of projecting or prescribing the future. The third section will consider two books suggesting that elements of a post-socialist economy are already beginning to emerge. The final section will touch briefly on what all this means for Cuban studies—and for the fate of the Cuban people.

### *Understanding the Context for Crisis*

The current crisis in Cuba has as its proximate cause the trade shocks delivered by the collapse of the Soviet Union and other Eastern European trading partners. Soviet external aid to Cuba came largely in two forms: the provision of favorable terms of trade relative to the world market, and a ruble "debt-financing" mechanism that allowed the island

1. Debates have raged not only over the interpretation of events but also over the very data being analyzed (see Pérez-López 1991; Zimbalist and Brundenius 1989).

2. Some of this loosening in ideological tensions was already evident in the diverse reflections on Cuban studies contained in Fernández (1992).

to run persistent balance-of-payments deficits.<sup>3</sup> Together, these mechanisms provided a “subsidy” that by the mid-1980s amounted to more than 22 percent of Cuba’s national income.<sup>4</sup> With Soviet support lost and the U.S. embargo continuing, Cuba’s exports of goods and services fell by some 55 percent between 1989 and 1993, and its imports by 70 percent. Output is harder to measure in Cuba because socialist national accounts are not comparable with those used in most developing countries, and the Cuban government has published no comprehensive yearbook of economic statistics since 1989. But national income probably fell by 50 percent over the same period.

The government’s initial economic response to the cutoff of the Soviet lifeline involved efforts to encourage tourism, biotechnology, and domestic food production, all with an eye toward generating or conserving scarce foreign exchange.<sup>5</sup> On the political side, the “rectification campaign” of the late 1980s clamped down on markets and emphasized the importance of moral incentives. The “special period in peacetime” of the early 1990s then tightened both consumer rationing (“to equalize sacrifice”) and party control.

In 1994 the ongoing crisis forced the government to consider a more systemic strategy. Recognizing the effective role played by the U.S. dollar in Cuba’s extensive black markets, the government depenalized the use of U.S. currency. Other reforms followed, particularly after the political crisis signaled by the mass emigration of Cuban rafters during the summer of 1994. Farmers’ markets, denounced and shut down by Castro himself in 1986, resurfaced.<sup>6</sup> Many state farms were transformed into co-operatives, an arrangement that effectively acknowledged the incentive effect of private (or in this case, cooperative) ownership. The government legalized certain forms of self-employment and steadily expanded the realm for such activities. Although the march of events may have seemed painfully slow to a Miami exile community eager for political change, it was dizzying to dedicated Cuba-watchers.

Unfortunately, the seemingly urgent need to respond to these twists and turns in policy means that many new volumes on Cuba do not step back to paint a historical picture within which readers can contextualize the more fundamental reasons for the Cuban transformation. An exception to this tendency is Susan Eckstein’s *Back from the Future: Cuba under*

3. The resulting accumulation of ruble debt has come back to haunt relations between Russia and Cuba, as the two old partners have bickered over the appropriate exchange rate for converting the ruble debt into their new common currency—the dollar.

4. See the calculations in Pastor and Zimbalist (1995). Following Ritter (1990), adjustments have been made for the overpricing of Soviet industrial goods.

5. For a macroeconomic model of this strategy, see Pastor (1992); on the attempt to step up domestic food output, see Deere (1991).

6. For a full account of the experiment in the early 1980s with farmers’ markets, see Rosenberg (1992) and Deere and Meurs (1992).

*Castro*, which covers the entire trajectory of the Cuban Revolution, documenting the pre-Castro period as well as the evolution of Cuban socialist ideology and policy. Separate chapters on social accomplishments, urban-rural relations, and international relations complete her analysis. The book ends with a speculative chapter on the future, a new requirement for all Cubanists. Throughout the work, Eckstein's careful amassing of evidence and cautious but powerful analysis make this book a likely standard text for many courses on contemporary Cuba.

Eckstein's central thesis is that both conservative and radical perspectives on socialism have tended to check their materialist analyses at the door: each has viewed socialist regimes as "ideologically driven" and thus attributed policy outcomes to the logical unfolding of socialist principles. Eckstein, in contrast, stresses the specific realities, interests, and options facing state decision makers, particularly in the underdeveloped economic setting of Cuba. She notes that the Guevarista model of moral incentives arose in the late 1960s not because of an abiding faith in Che Guevara's "New Man" but because the economic collapse of that era meant that the competing alternative of material incentives (higher wages) actually lacked material substance (consumer goods).<sup>7</sup> Eckstein further suggests that the institutionalization of planning on the one hand and markets on the other in the 1970s was not the contradiction it might seem but arose instead from the simultaneous need to raise labor productivity, minimize government expenditures, and restrain the personalistic impulses of Fidel Castro.

In applying this focus on state decision makers to the island's more recent history, Eckstein argues that the "rectification process" of the mid-1980s—the turn away from markets and material incentives—did not reflect a normative decision to reject capitalism more firmly. After all, the government simultaneously began to expand the role of foreign investors in the domestic economy. Rectification, she asserts, was rooted instead in the Communist Party's attempt to maintain political control and restore labor discipline inside and outside firms. This interpretation suggests that the current lurch back to markets and certain forms of private property has little to do with socialists remaking themselves as social democrats and reflects instead a flexible but possibly reversible response by nimble defenders of state interests. In this vein, Eckstein concludes with a sober assessment of the prospects for change in Cuba that neither celebrates the revolution's longevity nor predicts its imminent demise.

*Back from the Future* offers other key insights. Eckstein argues convincingly that civil resistance in Cuba should not be overlooked because

7. Eckstein likewise links the elevation of central planning in this period to the decision to redirect resources to export production. This decision was undertaken partly to appease Soviet demands, and it meant that the usual price or market-based standards of economic rationality had to be ignored.

of the lack of an organized protest movement. It should be measured instead by variables like worker absenteeism and black-market activity. She also considers the role of organizations that “intermediate” between state and citizen, such as unions, the local Comités para la Defensa de la Revolución (CDRs), and the Federación de Mujeres Cubanas, but she finds them wanting as independent vehicles for change within Cuba. These additional insights sometimes become a weakness, when the book’s powerful central thesis regarding the material (rather than ideological) basis for policy making is obscured by these analytical detours, as well as by excessive attention to detail. *Back from the Future* is nonetheless one of the most useful starting points for understanding the roots of the current Cuban crisis.

Less useful is Enrique Baloyra and James Morris’s *Conflict and Change in Cuba*. Despite its hopeful title, the promise of full coverage of Cuba’s postrevolutionary history, and a stated commitment to a balanced approach, too many of the essays in this edited collection are either weak in their analysis or excessively critical in their approach. Baloyra’s lengthy dissection of Leninism and Stalinism in an effort to make sense of Cuban political rule will frustrate anyone appreciative of Eckstein’s more heterodox and materialistic approach to understanding Cuban ideology. Alfred Padula’s review of thirty years of socialism is both shallow and bitter, an unappealing combination. Sergio Roca’s piece on the economy exhibits one of the best titles in the recent literature on Cuba, “The *Comandante* in His Economic Labyrinth,” but the essay itself is dated, overly focused on Castro’s ideological pronouncements, and less helpful than the analytically useful contributions Roca has made elsewhere.

But as with any such volume, one finds a few gems. The most refreshing piece in *Conflict and Change in Cuba* is Damián Fernández’s review of youth in Cuba. Fernández argues that the attitudes of the Cuban young run the gamut from passive accommodation to active resistance—sometimes both—and he presents documentary and interview evidence to support his view. This finding is not surprising. As the gap between rhetoric and reality has widened and the Cuban state has become less able to provide appropriate educational and occupational opportunities, the alienation of the young has grown. What is surprising is Fernández’s truly comparative and “post-ideological” approach. It demonstrates how the Unión de Jóvenes Comunistas has adjusted to the challenge while arguing that this cultural rebellion is beyond the regime’s capability to fully absorb. Such careful and innovative analysis is unusual in this collection (although Marifeli Pérez-Stable offers another strong piece), and the useful life of *Conflict and Change in Cuba* may already be over, given the rapidity of change in Cuba.

Carollee Bengelsdorf’s *The Problem of Democracy in Cuba: Between Vision and Reality* is also historical in scope and grapples with a key ques-

tion, particularly for leftist academics who have been sympathetic to the Cuban Revolution: was Cuba's socialist regime ever democratic, or could it have been? A sharp tension has always reverberated between democracy and socialism. Conservatives perceive this schism as natural because in their view, repressing free markets is congruent with reducing the political space for individual rights and public choice. Leftists, however, often ascribe the undemocratic nature of socialist regimes to their initial appearance in the least-developed countries and under hostile external conditions. Cuba certainly fits this bill. Both the challenge of underdevelopment and the aggressive counterrevolutionary thrust of the United States provided rationales for tight political control.

Yet Cuba represented the chance for something much better. Its revolution was extremely popular, its bourgeoisie largely able to depart in peace (reducing the need for direct physical repression of this class). And although the revolution was consolidated under the extreme pressures of the cold war, Cuban authorities at least had the latecomer's opportunity to learn from the mistakes of other socialist experiences. Yet popularity was not quickly translated into institutionalized democracy, and one-party heavy-handed rule had become the order of the day by the late 1960s. Bengelsdorf argues that this democratic failure arose out of constant internal and external pressures and Fidel Castro's desire to unite and control postrevolutionary political forces.<sup>8</sup> While this rationale may seem a questionable one for denying the vote or restricting speech, even many Western observers tended to dismiss Cuba's lack of the usual democratic institutions and point instead to the "direct democracy" evidenced by Castro's constant conversations with Cuban citizens and his subsequent interventions in the smallest details of political and economic governance.

The economic chaos introduced by Castro's freewheeling "direct style," however, led Cuban authorities to institutionalize economic planning and political participation in the 1970s. As a result, the political system of Poder Popular evolved, a structure that allowed for citizen influence over local issues and decisions but kept key decision-making authority tightly circumscribed within upper levels of policy making. Some hoped that Poder Popular would channel mass enthusiasm for the revolution into an effective system for at least monitoring party management of society, but by the 1980s, enthusiasm for the system had waned along with the economy. In the 1990 islandwide mass meetings held in preparation for the Fourth Party Congress, Poder Popular was subjected

8. For example, Bengelsdorf asserts that it was the "requirement for unity that kept Fidel from calling a national plebiscite or national election in the first years of the Revolution" (p. 73). She cites Castro as not wanting to create a "mirror of our discord" (p. 74). The quote from Castro is taken from Karol (1970, 328).

to “vociferous criticism” for its lack of representativeness and the inability of elected delegates to accomplish meaningful change (p. 157).

*The Problem of Democracy in Cuba* is generally detailed and careful, but there are at least two key gaps in Bengelsdorf’s analysis. The first is that Cuba’s lack of democracy under Castro is not an accident to be explained away by even better analysis of particular difficulties. No matter how much scholars may acknowledge that the island’s social gains reflect the triumph of a people’s will over upper-class politics and market priorities, the limited scope for political liberty in Cuba is a shortcoming endemic to socialist systems.

The second gap is partly connected to the first. Bengelsdorf stresses and analyzes the need for democratic political institutions during the transition from capitalism to socialism. But this kind of transition is largely irrelevant, and what is needed now is a projection of the democratic institutions that might characterize the path toward whatever a new Cuba will be. Current Cuban officials seem eager to introduce the market but reluctant to attempt political liberalization. As in China, the party hopes to supervise an economic transformation in which it retains political control. Visualizing a more productive and democratic transition is a crucial task, one taken up by the next set of books to be reviewed here.

### *Crisis and Transition*

While Cuba is clearly in the midst of profound economic and social transformation, the endpoint or goal of this process remains unclear. The market is being used but not embraced. The dollar has become central, but the U.S. embargo continues. The Communist Party has collapsed but continues to be the locus of power. Where Cuba may be heading in this maze of contradictions is the central preoccupation of the four books reviewed in this section.

The first two, Carmelo Mesa-Lago’s *Cuba after the Cold War* and Jorge Pérez-López’s *Cuba at a Crossroads: Politics and Economics after the Fourth Party Congress*, are edited collections that set a detailed stage for understanding the current parameters for change. They differ from the broader historical works reviewed in the previous section in that the contributors generally examine only the immediate past.<sup>9</sup> The Mesa-Lago collection, for example, focuses specifically on the impact of the collapse of the Soviet Union and its “special relationship” with Cuba. Cole Blasier’s piece provides an enlightening blow-by-blow account of the Soviet-Cuban “divorce,” including his analysis of the tension between reformists and conservatives in the former USSR over the economic costs of “the Cuban situation” and the consequences for Cuba of the breakup of the USSR into

9. Halperin (1994) also covers the recent past, but the book is rather impressionistic and sports a thin bibliography.

its constituent republics. Mesa-Lago offers two very useful essays on the effects of this Soviet (and Eastern European) disintegration on the Cuban economy. Although these issues have been briefly touched on already and are the general grist for any Cubanist's mill, the detailed approach that Mesa-Lago takes here makes these pieces essential reading for anyone hoping to understand the roots of the current Cuban crisis.

The two final contributions to *Cuba after the Cold War* survey the possibilities for economic and political transition. The essay by Jan Svejnar and Jorge Pérez-López attempts to draw lessons from Eastern Europe for any potential transformation in Cuba. The authors are careful to note that the degrees of collectivization, planning, and international isolation were much higher in Cuba than in Eastern Europe, and they sensibly conclude that there are limits to "borrowing" from other post-socialist experiences. Yet borrow they do, constructing a broad outline for reform that realistically places macro stabilization and institutional reform ahead of price liberalization. They also stress a singular challenge for Cuba: the fact that its "extensive social welfare system . . . [is] probably the most comprehensive and costly among all socialist nations" (p. 347), and that retaining political support for policy makers during a transition will require paying significant attention to maintaining this social safety net.

Mesa-Lago and Horst Fabian consider these political questions more explicitly in a final essay that proposes future scenarios ranging from continuation of the status quo to outright insurrection. The coauthors themselves disagree about Cuba's likely future: Mesa-Lago leans toward "repression without economic change" as the most likely outcome (p. 368), while Fabian suggests that "democratization and market-oriented economic reform" is probable (p. 362). As it turns out, both analysts failed to anticipate the current path of limited liberalization with tight political control. This observation is hardly an indictment, however, given the vagaries of predicting Cuban change. *Cuba after the Cold War*, despite a few weaker pieces, will surely be used in many classes covering contemporary Cuba.

Pérez-López's *Cuba at a Crossroads* covers some of the same ground but focuses more sharply on domestic issues and dynamics. Jorge Domínguez, for example, stresses how Cuba's "modest political opening" around the time of the Fourth Party Congress (1991) contradicted the increasingly important personal role of Fidel Castro. On the economic side, Sergio Roca, María Dolores Espino, and Julie Feinsilver establish the inadequacies of the initial Cuban response to the crisis, while Archibald Ritter, Andrew Zimbalist, and Jorge Pérez-López consider whether the current policy changes contain the seeds of real reform. The quality of the contributions is generally high, recommending the volume as background reading for classes and researchers. What is most striking is that while the authors represent a broad range of ideological views, all seem to concur

with Zimbalist's conclusion: "A broader commitment to an internal market mechanism and privatization of small and some medium-sized activities are necessary both to bring greater efficiency to Cuba's internal economic mechanism and to convey the positive vision of a new economic model adapted to the realities of the post-CMEA world. The extensive demoralization of the Cuban people can be shaken by nothing less" (p. 234).<sup>10</sup>

Given the emerging consensus on needed changes, where then should Cuba head? Surprisingly few volumes take up the issue directly of a blueprint for the future.<sup>11</sup> One that does is *Cuba after Communism* by Eliana Cardoso and Ann Helwege. As new entrants to the field of Cuban Studies, Cardoso and Helwege manage to steer clear of tired debates and are refreshingly frank in making two main arguments. The first is that socialism is dead, and Cuba must therefore give up thoughts of "a middle way" and instead march straight toward capitalism. The second argument is that even a turn to a "good" capitalist alternative (one that avoids the distributionally regressive excesses of, say, Chile under Augusto Pinochet) is not likely to yield high growth rates, despite the island's highly skilled population and natural resource base, because domestic and foreign entrepreneurs will all play a waiting game until reforms take hold.<sup>12</sup>

Cardoso and Helwege stress that the first step toward Cuban capitalism is to create capitalists, a process that depends less on introducing markets (that is, on liberalizing prices) and more on surrendering state assets to private investors. Such privatization, they argue, generally works best in Latin America when done slowly, as this pace avoids sharp fiscal losses via "fire-sale prices" and also ensures that the supply of available assets does not greatly exceed the supply of available entrepreneurial and managerial talent. But "in Cuba, most public enterprises will have to be privatized simultaneously to create a functioning market economy" (p. 85). Cardoso and Helwege suggest that the best and quickest approach would be to sell large firms to foreign investors via auction and simply hand out most firms (perhaps through mutual-fund holdings) to the Cuban citizens "who supposedly already own these firms" through the state (p. 86).

Private capital without a combination of market and government discipline is a sure recipe for abuse. Cardoso and Helwege argue for a

10. Halebsky and Kirk's (1992) study takes up similar themes of transition but is dated and less ideologically diverse. See also Centro de Estudios sobre América (1992).

11. One volume that offers a detailed blueprint for transition is *Transition in Cuba: New Challenges for U.S. Policy* (1993), a project of the Cuban Research Institute (at Florida International University) funded by the U.S. State Department and the U.S. Agency for International Development. This publication includes strong pieces by "the usual suspects" (Domínguez, Mesa-Lago, Pérez-López, Ritter, and others). A similarly constructed but more left-leaning blueprint would make a useful addition to the literature.

12. Being new entrants has its advantages but also its downside: Cardoso and Helwege offer a quick survey of Cuban postrevolutionary society that falls far short of the nuanced approach of Eckstein. But their focus is the future, not the past, and their treatment of transition is the basis on which *Cuba after Communism* should be judged.

“clear regulatory structure, particularly for newly established private monopolies” (p. 90).<sup>13</sup> They also note that a sound legal system is crucial for guaranteeing property rights and enforcing contracts. But the authors remain silent on the timing of price liberalization, a serious flaw in light of their discussion of state finances, the monetary overhang, and the risks of inflation inherent in a transition.

To understand why this set of issues is critical, it is useful to recall that socialist economies have generally lacked the price flexibility of their capitalist counterparts. Although most economists have focused on the resulting misallocation of domestic resources, a major macroeconomic consequence must also be recognized: with fixed prices eliminating inflation as a way to dampen domestic demand, socialist economies like Cuba’s experience instead physical shortages as consumers stockpile unusable cash. This outcome creates a thriving black market for an alternative currency (in this case, the dollar) as well as a huge cash accumulation or “monetary overhang” that would fuel an outburst of inflation if prices were ever liberalized.<sup>14</sup> In Cuba the monetary overhang in 1994 amounted to more than a year’s worth of output, and the inflation risks of price liberalization remain real. Moreover, currency convertibility, a key to promoting the expansion of external trade that Cuba desperately needs, will be difficult as long as the peso and the domestic price level remain in the shadow of this huge overhang.

Unfortunately, Cardoso and Helwege are better at raising the general issues of transition than at offering specific strategies for the future. One real disappointment is the brevity and lack of detail with which they discuss transition (which is the *raison d’être* of the book).<sup>15</sup> A key issue they do raise (also emphasized by Svejnar and Pérez-López) is the centrality of maintaining social spending in a Cuban transition.<sup>16</sup> This point

13. Cardoso and Helwege also acknowledge the various externality issues often ignored by market celebrants. For example, they note that land-use planning and regulations would be crucial to prevent the classic collective-action problem that results when property owners pursue their individual interests and overbuild, making tourist areas unpleasant for visitors and hence lowering profitability for the tourism industry as a whole (p. 89).

14. This is the reason that Pastor and Zimbalist (1995) have argued that eliminating the monetary overhang through first opening up the privatization process to cash-rich island Cubans would be a key part of a reform strategy committed to macroeconomic stability. If state managers could exercise fiscal and monetary discipline, then a post-liberalization price increase could be a one-time occurrence. Such severe self-discipline is usually lacking, even in reform regimes, and Cuba is not likely to be an exception.

15. Cardoso and Helwege also consider the issue of external aid for a transition, arguing strongly for an end to the U.S. embargo and travel restrictions. They suggest that it would be necessary to set aside up to five billion dollars for “reconstruction” of Cuba, partly to alleviate emigration pressures in post-socialist Cuba. Here again, generalizing prevails, as a short two-page list of action items take the place of a more detailed strategy for U.S. policy makers.

16. For a detailed look at the question, see Mesa-Lago, “The Social Safety Net in the Two Cuban Transitions” in Cuban Research Institute (1993).

is important given the generalized Cuban pride in national achievements in health, education, and welfare as well as the public's accustomed reliance on state support. The U.S. Republican-style budget-cutting mania that might be associated with the island role of a Miami-based elite would likely erode whatever social consensus might exist for transformation in Cuba.

The insight that one must go beyond simple blueprints to consider the potential agents and feasible politics of reform has seemed curiously absent from the literature on Cuba. Frank Fitzgerald's *The Cuban Revolution in Crisis: From Managing to Managing Survival* now addresses this gap by charting the emergence in Cuba of a group of "new professionals." As Fitzgerald notes, the adoption of central planning in the mid-1970s raised the demand for managerial skills. Consequently, the new professionals, trained in postrevolutionary universities, who stepped in to meet this demand were not only younger but also better educated than the political cadres who had initially filled the political and economic leadership vacuum after the exodus of Cuba's upper and middle classes. The new professionals thus owe a double debt to the Cuban Revolution: it provided the educational base necessary to attain these positions as well as the actual opportunity for professional advancement.

There are nonetheless increasing strains in the relationship of these professionals to the state. Although the worst impacts of the current crisis certainly have fallen on poorer Cubans, the government, seeking to hoard talent, has generally excluded the most educated Cubans from the expanding realm of self-employment. Consequently, the new professionals often enjoy fewer alternatives than many ordinary Cuban workers and find themselves confined to the steadily shrinking possibilities of the state sector.<sup>17</sup> This predicament adds to the real frustration of professionals who, by virtue of their education, are aware that alternative systems are possible and so quietly grumble about the lack of economic and political freedom in Cuba.

Does this frustration make them a potential force for change? Fitzgerald rightly distinguishes between top-rung professionals, who stand below the top leadership but whose fate is inextricably bound to Castro and the party leadership, and second-tier professionals, who if "convinced that reverting to capitalism would improve their personal and professional chances . . . , would come to reject socialism and its achieve-

17. Mesa-Lago notes in *Are Economic Reforms Propelling Cuba to the Market?* that the possibilities for earning dollars in tourism and the black market have meant that "cooks, bartenders, waitresses, taxi drivers, and informal plumbers or carpenters are living much better than intellectuals, university professors, engineers, teachers, artists, military officers, middle-class cadres, and surgeons" (p. 30). As a result, this "second group is becoming demoralized and disaffected, and its members are searching for jobs that have access to dollars or trying to leave the country" (p. 30).

ments altogether" (p. 196).<sup>18</sup> Interviews with members of both groups suggest that many would be willing to go well beyond Castro's reluctant adoption of market mechanisms and foreign investment.<sup>19</sup> But the constraints on political life in Cuba still preclude the full expression of their views, and some are quite wary of Miami, realizing acutely that they, and not the average workers, are the ones most likely to be displaced by Cuban-American managers and consultants. Thus finding the agents of change within Cuba remains a daunting task.

### *Is a Transition Already Underway?*

Despite the obstacles, policy change is now occurring in Cuba. Does that mean that Cuba is inexorably headed toward capitalism, or will Cuba be able to stop somewhere short of a market system? In *Are Economic Reforms Propelling Cuba to the Market?*, Carmelo Mesa-Lago considers the range of policies enacted through 1993, including attracting foreign investment and tourists,<sup>20</sup> expanding self-employment, transforming state farms into cooperatives, and depenalizing use of the dollar by Cuban citizens. While certain aspects of a market system are falling into place, Mesa-Lago adopts a wait-and-see attitude. He argues that the "cooperativized" state farms still do not have full decision-making authority (particularly because of procurement quotas), self-employment remains overregulated and small business suppressed, and the state budget continues to be problematic.<sup>21</sup>

Mesa-Lago also stresses obstacles on the political economy side: that Castro and other top leaders "are more attached to the preservation of the socialist model" than to the creation of a mixed economy (p. 65). In

18. Fitzgerald also suggests that another lower tier of professionals might be "socially close to the working class" and hence "likely to share Cuban workers' affinity for socialism" (p. 196). Fitzgerald even argues that "if the leadership were to desert socialism, these new professionals could find common cause with workers in forming a new socialist opposition" (p. 196). In my view, the affinity may exist, but the sympathies are misstated. While Cuban workers continue to expect a social safety net to remain in place, socialist ideals are currently too tattered to be embraced warmly by either the majority of Cuba's working class residents or the most proximate group of professionals.

19. This impression is derived from numerous discussions and interviews inside and outside Cuba. See also Roca (1993, 578–80).

20. Suchlicki and Jorge (1994) focus specifically on foreign investment, but the contributors mostly argue about why investing in Cuba is unethical and impractical. The volume provides little useful information on the actual investment process and partners.

21. The government deficit, totaling a third of national income in 1993, is significant not only for the threat it poses to macroeconomic stability but also because fiscal laxity in a socialist system implies economic inefficiency. The problem, noted by Kornai (1992), is that socialist firms generally face a "soft" budget constraint: failure to produce profits simply results in a large state subsidy, and money-losing state enterprises therefore do not need to tighten production standards with regard to costs or quality. Consequently, imposing fiscal discipline can be a way to force efficiency onto firms and prepare them for the consumer-driven discipline of the market.

his opinion, a China-style coupling of market reform with political repression is not feasible in the Cuban context. Rather than benefiting from a city like Hong Kong composed of exiled but eager investors, the Cuban government faces a Miami-based capitalist class that has the potential to fuel an economic transition but whose implacable anti-communist grudge prevents deal making with the current Cuban regime.<sup>22</sup>

In *Cuba's Second Economy: From behind the Scenes to Center Stage*, Jorge Pérez-López continues the analysis of potential transition by considering whether the various "second-economy activities" in contemporary Cuba "could form the backbone of a private sector composed of small business engaged in the production and sale of goods and services" (p. 3). He defines "the second economy" as that part of the Cuban economy under private control, noting that some of these "second activities" are perfectly legal (like the new self-employed and farmers' markets in Cuba), some are "shadow" (as with the unregistered self-employed or the common practice of "selling" houses in Cuba), and some are illegal (prostitution or the pilfering and subsequent sale of commodities produced by state enterprises). What is crucial for gauging a transition, Pérez-López suggests, is analyzing how rapidly the state is moving to fully legalize "shadow activities" and to encourage interaction between this second economy and the first economy of socialist firms and state planners.

Pérez-López takes on the heroic task of estimating the size of the second economy, offering a lower-bound estimate that in 1988–1989, private-sector production accounted for 5 to 6 percent of income while second-economy (barter and black-market) transactions amounted to about 17 percent of national income. The crisis has produced a dramatic upsurge in these numbers, as ordinary Cubans have scrambled to make ends meet in the context of a shriveled first economy and generalized austerity. One perhaps unanticipated result has been political: when individuals must break the law every day (by engaging in the black market) in order to guarantee their own economic survival, respect for socialist norms erodes and discontent with the state rises. The second result is economic: the government has been increasingly forced to recognize the importance of the second economy. Thus recent measures—including dollarization, the expansion of legal self-employment, and the reintroduction of farmers' markets—can all be interpreted as attempts to link the first and second economies and bring the latter back into the state fold.<sup>23</sup>

22. Mesa-Lago also argues that a Chinese-style agricultural liberalization would not be as effective in Cuba because the island is far more urban than China and its rural sector is oriented more toward producing exports rather than domestic crops.

23. The state has also attempted to mesh better with the illegal second economy via dollarization (which essentially absorbed one part of the black market) and its new tolerance of prostitution, "a necessary part" of the tourist industry and one way to "occupy" some unemployed and economically frustrated citizens.

While *Cuba's Second Economy* is overly long and sometimes unfocused, the importance of the second economy for the possibility of transition is beyond doubt. Pérez-López notes, for example, that the second economy constitutes a "reservoir of entrepreneurial talent" that could form the basis for a new private sector (p. 173). Yet it is also a swamp of corruption, theft, and get-rich-quick schemes, none of which are the sort of activities desirable for a new investing class in Cuba. Creation of a new set of investors to replace a resource-starved and inefficient state remains the central task of any transition.

*Conclusion: The Object of Our Study*

The Cuban economy and society have changed dramatically since these nine books were written. The maddening difficulty for experts on Cuba is that the target of study is moving so rapidly. The last two years have witnessed a surge of foreign investment, with the way being led by the government's decision to sell a 49 percent share of the state telephone company to the Mexican-owned Grupo Domos. The old Junta Central de Planificación has been abolished, and the government has reportedly reduced the deficit by more than 70 percent between 1993 and 1994 through a combination of higher state prices, new taxes, and the paring back of selected consumer subsidies. The government remains suspicious of small enterprise (banning, for example, street vendors from prime locations in Havana) but has allowed the emergence of private restaurants and continues to open up avenues for self-employment.

The most significant development may be the Cuban government's decision in 1995 to officially lay off state workers who were sitting in idle factories. While this act will certainly help state finances, the expected number of dismissals is truly staggering: more than one-fifth of the labor force may soon find themselves on the streets, scrambling to develop the second economy described by Pérez-López and wondering what happened to the employment commitment so central to socialist ideology.<sup>24</sup>

Will Cuba really change? The island remains boxed in by several factors. The party leadership is clearly ambivalent about the very policy changes it is spearheading. The U.S. embargo continues to block the most important potential market. And binational strains have intensified since the Cuban government shot down two exile aircraft, leading the U.S. Congress to pass legislation imposing new sanctions on the Cuban economy. Finally, the Cuban-American leadership in the United States remains as stubborn as the Communist Party in Cuba. One suspects that the secret desire of many is for a complete economic collapse and disintegration of the party's power before Miami investors would deign to

24. Creating such a huge "reserve army" without first privatizing and engendering more self-employment opportunities is an example of poor sequencing in the reform process.

waltz in, pick up the reins of power, and rule a new economy and society from their business offices in Florida.

But these dreams or nightmares are unlikely to be realized. The Cuban economy seems to have finally turned the corner, as the liberalized second economy has at last dragged the overall economy into positive growth.<sup>25</sup> The party seems to be retaining some control over the process, and the general population remains wary of Miami, partly because the new professionals fear displacement and partly because average citizens fear a full shredding of their already tattered social safety net.<sup>26</sup> At this writing, “more of the same”—timid steps toward the market, little or no progress on democratization—seems the most likely scenario.

Over the years, Cuba has attained a prominent symbolic role in ongoing ideological debates. Those on the Left have perceived the Cuban Revolution as a hopeful instance of social transformation and anti-imperialist sovereignty; those on the Right have viewed it as a repressive regime that replaced its relationship with the United States with an even more invidious dependency on a failed socialist superpower. What has sometimes been lost in the shuffle is the real object of our efforts in Cuban studies: the Cuban people themselves.

On my last trip to Cuba in the summer of 1993, I found the house in which my father was born. Living there were two elderly women, both subsisting on monthly pensions that could not stretch far enough to buy a chicken in the black market for agricultural produce. One of their sons was visiting, a dockworker in Matanzas, and he complained of the lack of religious freedom and a salary that did not reach much further than his mother’s pension. Leaving their house and walking across the dusty plaza where my father once played, I realized that there went I—but for the grace of a penny flipped in 1942, when my immigrant father had to decide between accepting deportation from New York or joining the U.S. Army in Europe.

When we in other countries suggest that Cuba should bravely keep socialism afloat in a sea of international capitalism, we are condemning

25. Press reports suggest that economic output expanded by about one percent in 1994 and will grow by about 4 percent over 1995. Moreover, the peso has risen in its black-market value as legalization of the dollar has made citizens less likely to avoid the peso, given that they will be able to convert dollars at a later point in time. Another reason is that the widening scope of second-economy activities has given the peso new utility as a medium of exchange. It is important to recall, however, that this recorded growth began with a sharply shrunken economic base and may simply reflect a new accounting of previous “shadow” activities in the second economy.

26. There is also a racial dynamic to the ongoing tension between Miami and the island. Mesa-Lago notes in *Are Economic Reforms Propelling Cuba to the Market?* that only 3 percent of the exiles are nonwhite while over half of the island population is black or mulatto (p. 30). The latter groups seem to fear the reimposition of prerevolution racial discrimination, and the tensions among African-Americans, Haitian immigrants, and Cuban-Americans in Miami do little to assuage these concerns.

real people to economic hardship and personal frustration. When we suggest that Cuba should be slapped with an even tighter U.S. embargo to induce a pell-mell rush to the market, we are compelling real people to suffer for things they did not cause and cannot control. Surely the imaginations of Cubanist researchers are less limited than those of Fidel Castro and Jorge Más Canosa. Surely we can maintain a dialogue that helps the island work its way toward a vibrant economy, liberalized politics, and well-constructed and -supported social programs. Surely we can begin to offer transitional strategies that make sense but also preserve the mantle of social justice promised by the revolution of 1959.

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