

## RESEARCH ARTICLE

# Cuba's Critical Juncture: Main Challenges

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Cuba is rapidly approaching a critical juncture, where a complete and generational change of leadership is unavoidable (between 2018 and 2021). The country and its Revolution is up against some unavoidable and complicated choices in the coming four years. With the rapidly approaching end of the Castro era, without any clear new leadership structure in sight, and with an apparently unsolvable economic crisis and rapidly shrinking confidence in the political power bloc particularly among the younger generations, a deep legitimacy crisis is looming. What are the principal challenges ahead, and how can and will they be solved?

**Keywords:** Cuba; challenges

## 1. Introduction

Cuba is rapidly approaching a critical juncture, as a complete and generational change of leadership seems inevitable between now and 2021. The country and its revolution will be facing a series of complex, unavoidable choices in the next four years. With the end of the 'Castro era' and no clear new leadership structure in sight, combined with an apparently unsolvable economic crisis and rapidly shrinking confidence in the political power bloc, particularly among the younger generations,<sup>1</sup> a deep legitimacy crisis is looming.

This study analyses some of the main challenges represented by the new international setting particularly concerning relations with the USA and the change from Barack Obama (2008–2016) to Donald J. Trump (2016) in the White House. These issues include how the economic crisis is undermining the welfare state that was once the pride of the Cuban Revolution, and the political challenges that may ensue; and how the monolithic character of the Cuban power structure is being put to the test by the increasing differentiation of interests between the early winners and the early losers of the economic reforms. The study also indicates some of the dilemmas of post-totalitarian political transformation identified in the theoretical literature, and relates these to other similar processes. Finally, we present some paradigm choices facing the next generation of leaders, and then discuss how a game of power, hegemony and legitimacy may unfold in post-Castro Cuba. While the most likely outcome still seems to be the continuation of some type of authoritarian and neo-patrimonial system, it is also possible to imagine some key post-Castro decisions that could take the country in a more pluralistic and participatory direction – although President Trump's return to confrontationalism

is making that even less likely. The harsh choice may be between re-building legitimacy and reverting to a much more repressive system.

Discussing political structures and their possible transformation is highly complicated regarding a system as opaque as that of Cuba, where there is no academic or media tradition of open analysis of power structures or ready access to reliable data. Such discussion may become quite speculative, as it is virtually impossible to underpin crucial observations about power relations with firm quantitative data – turning the choice of methodology towards qualitative analysis. Still, we believe it is worth putting together the available theoretical and empirical elements that may give indications about the future direction of a country that has played such a significant role in world politics and political/ideological discussions – a role quite out of proportion to its small size. Cuba offers a laboratory for the analysis of transformative politics.

## 2. Fitting into the new international setting

Cuba under Fidel Castro was seen as the undisputed champion of anti-imperialism, with or without the tutelage of the 'Great Socialist Fatherland' (the Soviet Union). In fact, Cuba's active military and political support to the anti-colonial wars in Africa often took place against the will of the USSR (Gleijeses 2002); and Cuba's support to guerrilla struggles in the Americas was its own invention – very much against the wishes of the USSR as well as of local communist parties (Wickham-Crowley 1992).

After ten years of 'wandering in the international wilderness' in the 1990s after the disappearance of the Soviet bloc<sup>2</sup> – and left almost alone in a stubborn and near-suicidal rejection of what some called 'the end of history', Cuba found a new international affiliation among the emerging Latin American leftist regimes. An aging Fidel Castro left the international anti-imperialist front position to Venezuela's President Hugo Chávez, who was also

willing to spend ample petrodollars on a new solidarity axis with Cuba, which largely compensated for the loss of Soviet internationalism. Moreover, with the new correlation of forces in Latin America, Cuba could now set about solidifying diplomatic and political relations to the entire region, irrespective of political colouration, to the point of isolating the USA and its embargo policy. This effort in building regional alliances proved so successful that it was the superpower that had to give in, and initiate a process of normalisation with Cuba, as the necessary price for acceptance in Latin America. As US Secretary of State John Kerry recognised prior to the 7<sup>th</sup> Summit of the Americas in Panama in April 2015, it was the USA, not Cuba, which was isolated in Latin America. Paradoxically, in befriending President Obama, Cuba was also helping the old enemy rebuild its relations to Latin America. This was how the US partly succeeded in reconquering its hegemony in the Western Hemisphere, at least until President Donald J. Trump entered the White House in January 2017. Another important role taken by Cuba was to host and co-facilitate the peace negotiations in Colombia, helping to remove the last remnant of the Cold War and internal military strife in the region (although the final outcome of the Colombian peace process is still unclear).

A major step from Fidel Castro's period of government to Raúl Castro's presidency (from 2008 on) then, was a change in Cuba's international role from an anti-imperialist vanguard to a diplomatic facilitator – without abandoning its anti-imperialist rhetoric, as related to Venezuela, for instance. It was in this situation that President Obama made his historic visit to Havana in March 2016, winning over the Cuban nation with his irresistible charm and – compared to the octogenarian Cuban leadership – youthful energy and hopes for the future. He explicitly rejected the old Plattist policy<sup>3</sup> of regime change and invited Cuba to build a more prosperous and friendly relationship together with the USA. In that way, Obama set in motion a political and ideological process in Cuba that could remove the ultimate justification for Cuba's lack of civil-political liberties: the image of an enemy against whom the Revolution had to defend itself by all available means.

However, this apparently became too much for the old revolutionary guard, who mounted a counter-offensive at the 7<sup>th</sup> Party Congress, only four weeks after the Obama visit. Both President Castro and Foreign Minister Rodríguez – the latter had main responsibility for Obama's visit – felt obliged to deliver harshly anti-imperialist speeches that contrasted sharply with the way Obama had been received. Another paradox emerged: Obama's visit seems to have created fears of losing control among the Cuban leadership, leading to a backlash in the reform process (Bye 2016). Here the world saw a case of successful diplomacy, ending with the domestic legitimation of the historic enemy, which in turn unleashed a hardliner response to avoid the possible de-legitimation of the regime itself.

Then came President Trump, re-defining US–Cuba policy in his June 2017 speech in Miami. It was much more a case of rhetoric than about reality – intended for domestic political consumption in an effort to please the

old generation of Castro-haters in south Florida. Many of Obama's practical measures remained in place until the new diplomatic row in September/October 2017). It was alleged that acoustic signals affect the health of US diplomats in Havana, leading the US to reduce its diplomatic mission drastically, and to expel several Cuban diplomats from Washington, DC. Apart from that, President Trump has focused on harming already vested US interests in Cuba. The principal victims of his new policy on the US side are individual tourists wishing to visit Cuba – they will now be obliged to travel in organised groups. Trips of this kind are generally organised by military-owned Cuban tourist companies – precisely the type of actor that Trump wishes to target. Thus, the loss of individual tourism is going to hit the private entrepreneurs President Trump claims he wants to support. Not least by prohibiting family remittances to many party and government employees, Trump's harsh and confrontational rhetoric is likely to strengthen Cuban hardliners and anti-reformists. By re-introducing the a-historical aim of US-led regime change, they can set about rebuilding the anti-imperialist narrative, hoping it will once again provide legitimacy for failed policies. That will make it even more difficult for the new generation of leaders to transform their country (Bye 2017). How ill-advised is it possible for a US President to be?

### 3. Economic/social performance and 'pragmatic acceptance'

Why did the socialist-communist system break down in the USSR and Eastern Europe, while it survived in China, Vietnam and Cuba? Many explanatory factors have been put forward. Nationalism is one frequently cited cause. In China, its millennia-long cultural, economic and even political global supremacy was broken by the West in the course of only a hundred years, and the entire nation could unite behind the common goal of rebuilding. In the case of Vietnam, there has been the drive to revenge of national humiliation imposed by Western-led imperialistic wars. The nationalist and anti-imperialist sentiments of the Cuban Revolution were quite similar, and probably played a decisive role in the way Fidel Castro's charismatic leadership succeeded in bringing the Cuban regime through the hardships of the 1990s (Hoffmann 2009).<sup>4</sup>

Moreover, the economic and social collapse of the USSR and the neighbouring Soviet bloc was a decisive de-stabilising factor, as noted by Brown (2009) and Kornai (1992), in their respective historic and economic analysis of the collapse of European communism. In China and Vietnam, on the other hand, by the time of the Soviet collapse, their populations of these two Asian nations could begin to enjoy sustained economic growth, as well as a quite dramatic process of upward mobility and improved social security for increasing sectors of the population. This applied particularly to those living in or moving to urban areas, which normally count the most in public opinion and its impact on social protest. This phenomenon has been termed *pragmatic acceptance*: the willingness to live with restrictions on freedoms and political participation

as long as there are prospects of continuing socio-economic improvement (see Saxonberg 2013).

This was totally lacking in Cuba in the 1990s, and it still is. Most Cubans experienced tremendous social improvements and upward mobility for the first 30 years after the revolution, achieving levels of health, education and social security almost unknown in the Third World. They cared less about the fact that the economic strength necessary for sustaining social progress was due to the 'disinterested aid of the Soviet Union', as it was officially known in Cuba, rather than rational domestic economic policy.

What mattered was 'the achievements of the revolution' – *los logros de la revolución*. Then in the 1990s, progress shifted to terrible hardship. Almost miraculously, the basics of Cuba's health and education regime were maintained, although quality began to be seriously undermined, and people's incomes fell far below the subsistence minimum. By 2013, the purchasing power of the average income represented only 25% of the 1989 level (Vidal 2016: 155), covering roughly one fifth of the *canasta básica* (the 'basic basket' of consumer necessities).<sup>5</sup> After Venezuelan support during the first fifteen years of the new century, new hardships are looming as a consequence of Venezuela's own survival crisis, to the extent that warnings of another 'special period' (as the 1990s were called) are now frequently heard. The prospects of 'pragmatic acceptance' in Cuba are now less than ever. In this situation, will Cuban youth opt for *voice*, or *exit* (Hirschman 1970) – open protest, literally leaving the country<sup>6</sup> or withdrawing from formal economic or political participation? Regardless, the future does not seem very promising.

#### 4. The Cuban power structure: early winners and losers of the reform

What then, of the real power structure in today's Cuba? There is almost complete overlap between the top structures of the Party (Politburo), the legislative State Council (with power delegated from the National Assembly in-between its two annual sessions) and the executive Council of Ministers. A group of close to a dozen top party and state cadres – 'the twelve apostles' – seems to exercise full power in Cuba today. Half of these are top military officers. With the exception of two or three non-military individuals, however, all members of this group are elderly, in their seventies or eighties, soon to disappear from the circles of power for biological reasons, or because of newly established procedures.<sup>7</sup> Cuba is approaching a kind of change by default.

Immediately below this group and formally under their surveillance, there is a group of line ministers. This top bureaucratic apparatus of ministries and other state institutions may exercise more *real* power in the day-to-day management of complicated technical issues – particularly when implemented within a market economy where the old guard has retained very limited capabilities. Then there are the corporate executives, the managers of military-controlled enterprises – the only part of the state-owned companies that is run effectively and, against

heavy odds, has managed to keep the Cuban economy afloat, more or less.

Further down in the Party hierarchy, the new 142-strong Central Committee elected at the 7<sup>th</sup> Party Congress contains only a smattering of younger military officers, none of whom have been promoted to the Politburo. This may indicate that the military institution will be losing its dominant position in the Party in the coming years. As it seems now, the province-level leaders of the Party represent the main source of recruitment to the post-Castro power structures, along with other top and medium party and state functionaries. The current composition of the Central Committee shows no sign of integrating active academics or intellectuals from outside the power circles of the Party and giving them a say in decision-making bodies. By contrast, according to Brown (2009), when Gorbachev introduced his *perestroika* and *glasnost* in the USSR, influential ideas for economic and political change came largely from well-educated and reformist specialists and social scientists. Gorbachev, he claims, needed reform-minded people one step down in the party hierarchy in order to win the ideological battle that followed. However, Brown adds, 'only *change at the apex of the political hierarchy* could determine whether fresh and critical thinking would remain a mere intellectual diversion or whether it would influence the real world of politics' (ibid: 594).

In Cuba this latter group, Party members or not, may be allowed to present ideas or proposals for economic – though hardly for political – reform. However, there is very little direct dialogue and almost no interchange between leading party and state cadres and academic institutions. The Cuban political elite lives in a bubble of its own, without interaction with the academics, journalists, diplomats or other groups that are important dialogue partners in most other societies – almost as if the top Cuban leadership suffers from autism.

In transformation processes like that underway in Cuba, where a once-egalitarian society is breaking up into far more diversified strata, there will be both *early winners* and *early losers* that develop distinct and increasingly conflicting interests, entailing specific challenges (Frye 2007; Hellman 1998).

In Cuba, the winners thus far have been:

- leaders and officials of successful military corporations, along with some sons and daughters of the old elite who have turned to well-protected private business
- a limited segment of the self-employed, particularly owners of private restaurants as well as 'bed and breakfast' establishments
- recipients of family remittances
- those working in tourism and activities related to the convertible currency economy
- private farmers.

Only the first group seems likely to have accumulated economic as well as political power, while those in the second group have often benefitted from old family property

readily converted into restaurants and hostels. Recipients of family remittances are found mostly among the white urban population, often living in Havana. There is a heavy concentration of such remittances among a minority of the population, whereas most people receive very little or nothing. (Morales 2016). In other words, there has been a noticeable return to pre-revolutionary family privileges. A significant portion of the successful self-employed, and others who can reap the benefits from the convertible economy, owe their success to informal, often illicit, activities (Feinberg 2016; Mesa-Lago et al. 2016), such as the possibly most lucrative private business in Cuba today: the informal import of goods.<sup>8</sup>

Turning to the *'early losers'*, those not among the above-mentioned winners have been the most typical losers of the reforms. Elderly retirees without family connections abroad have seen their incomes and access to basic goods dramatically reduced. Many of them are people of colour.<sup>9</sup> This group also includes many public employees, with few resources to offer in the informal economy and who rely on extremely low public salaries. People with professional education, such as teachers and health workers, are often included in this group (although health workers may go on international missions). Much of the bureaucracy, including low-level officials in the party and mass movement structures, are among the losers, whereas certain others in higher and decision-making positions find ways of cashing in on their positions of influence.

Resistance to reforms is most likely from several of the loser groups, particularly those who are approaching retirement age and have maintained a strong ideological commitment to the socialist traditions of the Cuban Revolution. These groups are well represented among the party rank-and-file, and may have contributed to the reform backlash at the 7<sup>th</sup> Party Congress. Many have been personally affected by rising food prices in the non-state markets, and have understandably argued for the price controls that were introduced in 2016 – an important element in the reversal of reforms.

Most influential in the group of losers are the public and party officials in mid- or lower-level decision-making positions. This is also where we find the core of what Raúl Castro in the early years of his presidency referred to as the 'bureaucratic resistance' to reforms. Exactly what alternative they see for Cuba is not clear, apart from the continuation of 'socialism' in one form or another, and the rejection of market economy and capitalism. It is widely felt that they simply leave the problems to the younger generations.

To return to the politically influential 'early winners', and the managers of military corporations in particular: what do *they* want? This is the only group within the party and state nomenclature to have benefited economically from Raúl Castro's reform programmes. They have accumulated vast power, and are the most important group to watch. However, access to these persons is almost impossible, and very little is known about their strategic thinking or future ambitions.

Might the military corporations begin to exert pressure for strengthening market reforms, in a situation where such reforms have been put on hold? Here we may note the 2010 decision to lay off masses of idle state employees – first as moderate measure, but, with the 2016 economic hardships, becoming increasingly unavoidable from a macroeconomic perspective. Will the leaders of military corporations, with the unquestionable political power they have accumulated, accept another delay of necessary layoffs?<sup>10</sup> Is there a conflict with the intransigent party leaders looming here? And if further layoffs are implemented, what of the risk of social unrest? Would the military then act as a united institution – or might there be rifts between officers in active service and ex-officers who have shifted to corporate careers but have maintained political influence? These remain open questions.

Many of the successful self-employed would like to see their business grow into medium-sized enterprises;<sup>11</sup> and if they could attract significant investments from Cuban-American partners, they might compete with the interests of the operators of military corporations. As long as there are no incentives for the legal expansion of private business, Cuba's pre-revolutionary tradition of illicit and even mafia-controlled business might flourish again.

Intellectuals and academics (economists in particular) have played increasingly critical roles in Cuba, despite new indications of restrictions on academic freedom. Academic discussions may also begin to experience internal leadership disagreements or splits. That could prove conducive to further reform, but is especially important in view of the coming generational change, where any differences between civilian and military leaders will have to be heeded carefully. The ultimate political transformation question is whether the party's monopoly on power and its apparent monolithic unity will begin to unravel.

Attempts to set up interest groups beyond state control have been effectively discouraged, and further re-enforced since the 2016 Party Congress. As yet there are no signs of the state recognising any independent organisation of private businesses that could represent their interests vis-à-vis the state, nor has the state established any formal mechanism for negotiating with the private sector. However, informal mechanisms emerge when private entrepreneurs manage to demonstrate their real power positions, for instance in the tourism and transport sectors. Paradoxically, this may occur when self-employed tourist entrepreneurs organise through the official Confederation of Cuban Workers (CTC). Self-employed workers have also conducted spontaneous protests or strikes, in a few cases resulting in government concessions (as when private taxi drivers in Havana, responsible for 50% of passenger transport in the capital, flexed their muscles in 2016 and 2017 to fend off government attempts to limit their tariffs). With more and more people no longer dependent on state salaries, and given the widespread economic hardships, it will be difficult to stop the number of social conflicts from growing.<sup>12</sup>

## 5. The dilemmas of post-totalitarian political transition

With reference to the classical work by Linz and Stepan (1996), there are obvious changes underway in Cuba in line with their four dimensions of post-totalitarian political transitions: economic and political *pluralism* is on the rise, with a significant expansion of the space for civil society (see e.g. Hoffmann 2016). *Ideology* has played a much less important role under Raúl Castro, with a 'growing empirical disjunction between official ideological claims and reality' (Linz and Stepan 1996: 48), with performance criteria becoming more important than ... ideology as the source of legitimacy. Recent attempts to re-vitalise ideology after the 7<sup>th</sup> Party Congress have been less than convincing, particularly as regards the younger generations. What of *mobilisation*? People still turn out for May Day parades, and the military and civil defence are still showing their capacity to evacuate people when natural disasters occur. There was obviously an attempt to capitalise on the widespread mourning sentiments following the death of Fidel Castro in November 2016, but it is difficult to observe any lasting ideological or mobilizational effects here. The concept of *pseudoparticipation* (Chaguaceda and Geoffroy 2015), is probably closer to an accurate description than the official narrative of *participatory democracy* (as claimed by August 2013). When it comes to *leadership*, the loss of charismatic leadership has been one of the most striking differences between the Fidel and Raúl eras, and is likely to be even more so in the post-Raúl era.

Concerning the final years of the USSR, Kornai (1992) writes of a vicious circle in post-totalitarian transition where 'the private sector under reform socialism ... often shows ... the worst, not the best side of capitalism. That heightens the antipathy toward them [*private entrepreneurs*], which is a stimulus and argument for the bureaucracy to be even more hostile toward them ... resulting in a bitter coexistence' (1992: 455). This ideological opposition in the party/state nomenclature and the bureaucracy as regards the growing private sector is highly visible in Cuba today.<sup>13</sup> The bottom line of Kornai's analysis of reform attempts in post-totalitarian regimes concerns 'the incoherence of the tendencies to reform'. Kornai sees 'revolution' – by which he means a full transition from socialism to market economy – as unavoidable; the logic of increasingly deepening reforms, and the speed of their introduction, serve to undermine the entire system. 'The Communist Party, amid the processes of reform, wants to retain its monopoly of power, but in the meantime, it releases political forces that immediately demand the abandonment of this monopoly' (1992: 571).

These lessons from the USSR have been studied at length by the most intransigent of Cuba's leaders, and some of their foot-dragging reactions to Raúl's reform process may be understood in that perspective.

What happened in China from Mao Zedong (1949–1976) to Deng Xiaoping (1978–1989) offers a highly interesting case for comparison. Deng and the Communist Party under his dominance recognised that their legitimacy rested on continuing strong performance, and

were 'not trapped by ideology or past practice in making dramatic and rapid course corrections' (Fukuyama 2014: 378). If Fidel Castro in this sense was Cuba's Mao, Raúl Castro could until recently be seen as Cuba's version of Deng – although he did not introduce the same degree of market reform and even had to concede a reform backlash in 2016/2017. In Vietnam, the reform programme Doi Moi became a tremendous macro-economic success, creating a private sector capable of massively absorbing those laid off in the shrinking state sector (de Vylder and Fforde, 1996). Elements of this approach were tried in Cuba early in Raúl's reform process, but implementation has remained half-hearted.

As yet, there are no signs of successful market economies leading to political liberalisation in China or in Vietnam. The Cuban leaders are well aware of this, but there is still deep unease about potential regime breakdown if the same degree of market reform should be introduced in Cuba. The main argument has been the country's close geographical proximity to the USA. Further, it might be that historic and cultural conditions in Cuba would not offer the same protection against demands for an end to one-party rule as the Confucian, collective and state-based traditions in East Asian socialist countries.

## 6. Some paradigmatic choices

Various historical and socio-cultural factors work against the introduction of democracy in Cuba – 'democratic birth defects' (see Fukuyama 2014). The authoritarian and illiberal character of Cuban political institutions goes back to the colonial and post-colonial slavery-plantation economy. Sugar cane was a hindrance to the introduction of a strong family farming system; also much of the non-sugar agriculture was oriented towards export. Sugar plantations depended on slavery; and even after slavery had been legally abolished, the seasonal nature of work in the sector continued to perpetuate a culture of slavery. The economic elites dominating Cuban society had also de facto control of the political system, carrying over the colonial tradition into the semi-independent Platt Amendment era under US control, with a relatively weak but highly centralised and authoritarian state, without real tax-raising capacity (this latter aspect was quite different from the situation in East Asian countries like China and Vietnam). The Platt Amendment in itself represented a straitjacket on internal democratic development. However, Cuba's 1940 Constitution offered significant openings for formal liberal-democratic institutions and processes – unfortunately aborted by excessive corruption, power abuse and outright political 'gangsterism', ultimately leading to the Batista dictatorship.

Cuba's sugar economy ended in the post-Soviet period. No other extractive sectors have gained similar significance to the economy (apart from nickel) – at least, as long as no commercial offshore oil production has been established. Cuba today is much less export-dependent than it used to be, and less so than other Latin American countries. In 2016, only about 30% of state revenues were reported to depend on the export of basic products.<sup>14</sup> This

may entail some significant structural democratic advantages compared to most other countries of Latin America. There are now opportunities to stimulate small and medium-sized entrepreneurship and cooperative production structures working for the domestic market, as well as family farming, in turn enabling more internal economic linkages with a potential for more egalitarian and participatory political processes. However, these opportunities do not appear to have been heeded by the current political leadership – perhaps partly due to fears of broader political competition and the emergence of more democratic structures. Real democratisation – economic as well as political – is apparently seen more as a threat to monopoly-party control, than as an opportunity for the Cuban people to become masters of their own destiny – something that, at least in theory, could be considered a major socialist objective.

In discussing factors that may be decisive for the future democratic development of Cuba (however that is defined) it is important to ask whether any changes are observable on the basic variables that characterise today's political culture and practice, changes that might set the country on the path toward some kind of functioning democracy. Even more important: are such changes possible within the democratic-centralism of the Cuban system, defined by Vladimir I. Lenin (1906) as 'freedom of discussion, unity of action'? The Leninist system of power offers very little in terms of *decentralisation, horizontal interest representation, transparency, accountability or pluralism* – key elements of the paradigmatic choices that will soon confront the next generation of Cuban leaders. Moreover, there are other choices to be made, as outlined below.

### **6.1. Continued market illegality vs. legal and well-regulated business practices**

There seems to be increasingly direct linkage between restrictions on private activity and continued market illegality. State efforts to limit market mechanisms, such as banning certain commercial practices, withdrawing self-employment licenses, introducing maximum prices, frequent harassment by police and government inspectors exercising discretionary and capricious authority – often linked to corruption – are clearly on the increase. When *carretilleros* (ambulant street vendors of basic foods) had their licenses withdrawn in the first half of 2016, they generally continued their business anyway, without state permission, simply going underground (Wig 2017). The introduction of maximum prices on private taxi services in mid-2016 was also largely compensated for by illicit practices, followed by a power struggle between taxi drivers and the government. The effect is therefore a further undermining of well-regulated business practices, and the de-stimulation of 'Schumpeterian' or development-oriented entrepreneurship (Schumpeter 2017). At the same time, the state and non-state sectors remain tightly intertwined in what we may term a *parasitic relationship of interdependence*. It would appear that the strengthening of the positive aspects of market economy is not really wanted (see also Kornai 1992).

### **6.2. Obstructing the growth of small-scale businesses**

The latter point also serve to obstruct the emergence of robust medium-sized enterprises that might even grow into larger non-state enterprises. The continued principle of not allowing the accumulation of capital (stated at the 6<sup>th</sup> Party Congress in 2011 and re-enforced at the 7<sup>th</sup> Congress in 2016 by forbidding 'private wealth' in general) has the same effect. Before a decision could be reached at the mid-2017 National Assembly session, discussions apparently gave rise to heated confrontations between those who recognised an expanding private sector as a *sine qua non* for economic development, and those who deeply opposed to market solutions. The outcome must be seen a very poor response to a situation characterised by a desperate lack of investments that might save the economy from collapse, with gross capital formation (investment as percentage of GDP) falling to unsustainable levels (10%–13%, less than half of the Latin American average) (see Torres 2016). In contrast, the Vietnamese Communist Party in 2006 decided to remove the clause stipulating that party members 'could not exploit' – instead, allowing them to run private business and hire workers and practice capital accumulation. This was rightly seen as a prerequisite for private investments: and today gross capital formation in Vietnam is twice that of Cuba. The 2006 decision obviously represented the crossing of a vital ideological line in Vietnam that has not yet occurred in Cuba. There are private entrepreneurs in Cuba today earning good money, constituting themselves as a kind of middle class (see Morales 2017) – but they are obliged to spend their money on consumption rather than implementing significant job-generating investment plans.

### **6.3. Elite enrichment vs. entrepreneurial-driven growth**

Although considerable social differentiation has emerged in a formerly very egalitarian society, we cannot really speak of 'elite enrichment' in Cuba in any way comparable to other Latin American societies, or to a former communist state like the USSR, or even China and Vietnam. Normally, a strengthened market economy would lead to greater private enrichment and heightened social differences, unless organised within a strong regulatory framework like that practised in Scandinavia. We hold that important aspects of such a model might prove viable in Cuba, allowing a relatively equitable distribution of resources and making it possible to rescue the social security built by the revolution but now increasingly threatened by a dysfunctional economy. Further, we hold that the set of paradigmatic choices outlined above may allow the next generation of Cuban leaders to seek an alternative vision of 'politicising democracy', inspired in part by Scandinavian or recent Latin American experiences (see Törnquist and Harriss 2016). Admittedly, it may be difficult to see how such experiences may be applied to a regime that still subscribes to Leninist principles. Perhaps the authoritarian aspects of left-leaning Latin American regimes appeal more to Cuban leaders than the strong popular mobilisation that brought these regimes to power in the first place. One possible bridge-building process in Cuba might be the still very cautious experimenta-

tion with new forms of more autonomous cooperatives (Piñero Harnecker 2012).

## 7. Conclusions

As yet, fairly authoritarian scenarios appear to be the likely outcomes of the transformation process. However, there remains the question of how absolute is the power that Cuba's formal power bloc continues to exercise – and whether other options may emerge, against the odds, as the post-Castro generation prepares to take over the reins. Recently revealed remarks by First Vice President Miguel Díaz-Canel, the most likely presidential candidate in February 2018, leave few expectations for a prompt break with the past.<sup>15</sup>

The information monopoly has been definitely broken in Cuba – although the information hegemony may still be in place (Hoffmann 2016). Young people, also party loyalists, encounter no problems in seeking alternative information and views about the outside world as well their own country, including about the root causes of the economic failure. This will have consequences for how the next generation of leaders will need to communicate with the populace, and take public opinion into account, if they want to build a new capital of legitimacy. Moreover, the Party's social hegemony appears to be slipping away, particularly among younger Cubans who hardly care about what happens at a Party Congress or in other formal decision-making bodies. This may even mean an actual loss of absolute political power – how relevant, then, will the three documents of principle discussed at the 7<sup>th</sup> Party Congress and 'supported' by the mid-2017 session of the National Assembly will be for the future of Cuba?

On the other hand, there seem to be no indications of counter-hegemonic forces developing, within or outside of party and state structures. Still, we should remain aware to the possibility that the looming 'crisis of legitimacy' in Cuba might become a 'crisis of hegemony' or of 'authority' (see Gramsci 1999; Anderson 1976). It is no simple matter to apply such concepts, originally developed for analysing social and class forces in early industrial Europe, to the transformation process of a post-totalitarian system or an authoritarian socialist system searching for alternatives. However, the alternative Gramscian concepts of a passive revolution vs. the creation of a counter-hegemonic bloc may still be relevant. In the former, the bourgeoisie (or nomenclature in the Cuban case) would allow certain demands by looking beyond its economic-political interests and allowing the forms of hegemony to change (typically in the way the Nordic model was conceived in the 1930s). This would imply that the Cuban power elite might have to look for a similar adaptation of its hegemonic bloc in order to meet the emerging legitimacy crisis, particularly after 2018. The alternative might well be a deep organic crisis, tempting new social forces to set about building a counter-hegemonic historical bloc, leading to what Gramsci called 'creating the new' (which in Cuba would be some kind of post-socialism), rather than 'restoring the old' through a passive revolution.

One possible source of challenge to the existing hegemony of the Cuban political system would come from civil

society, perhaps feeding on the growing self-confidence felt by private entrepreneurs as their critical economic role becomes more visible and recognised by the regime. 'What is threatening to authoritarian regimes', noted Przeworski (1991: 54–55), 'is not the breakdown of legitimacy but the organisation of counter-hegemony: collective projects for an alternative future. Only when collective alternatives are available does political choice become available to isolated citizens.' Thus, according to Przeworski and building on the Gramsci concept of hegemony, the emergence of civil society organisations in itself becomes a relevant force for regime transformation only in a situation of falling legitimacy, if civil society organisations manage to organise a 'counter-hegemonic bloc'. This has not yet happened in Cuba, nor is there any sign that it is about to happen. That being said, however, serious problems of legitimacy at a critical juncture may result in a new situation.

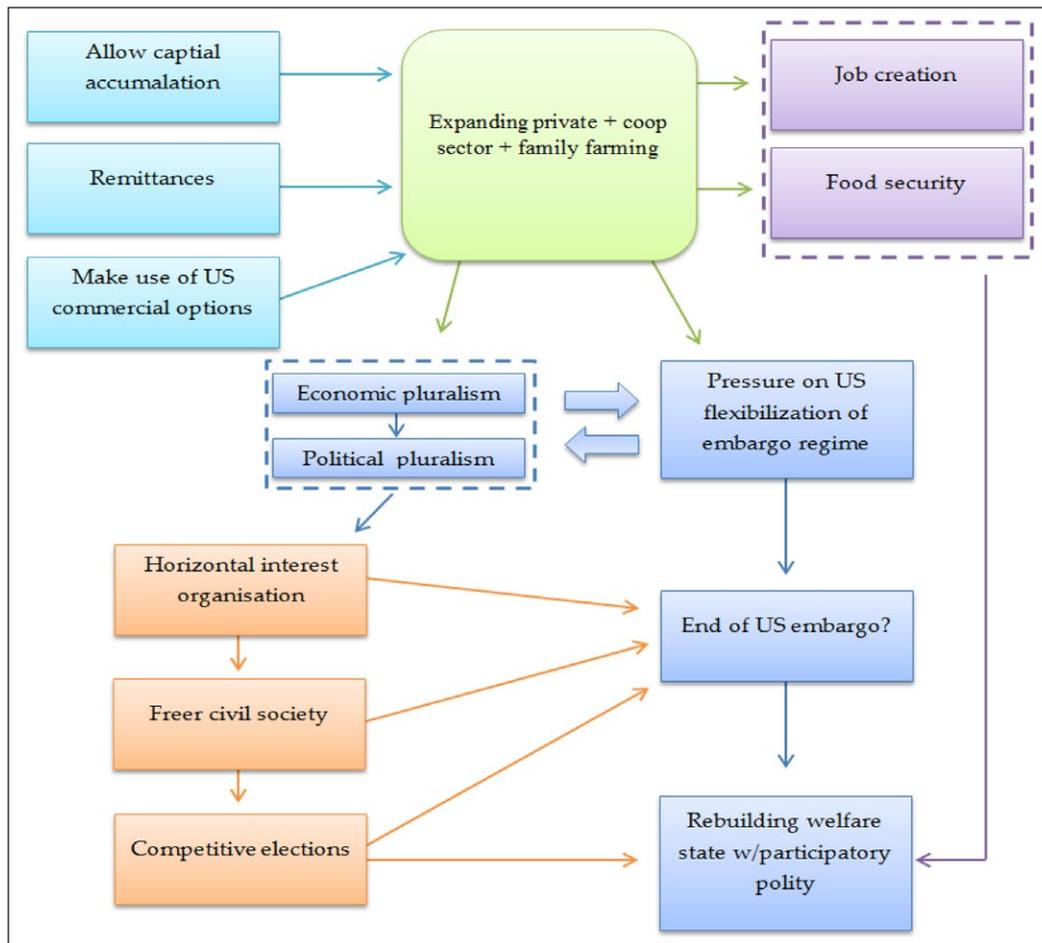
Moreover, no negotiation scenario is yet on the table in Cuba. Linz and Stepan (1996), Przeworski (1991) and Saxonberg (2013) all introduce the issue of negotiations at specific points during post-totalitarian transformation. Przeworski sees the issue of alliance building between groups willing to negotiate on the part of the regime and civil society as decisive for the outcome of any negotiation: 'visible splits in the power bloc indicate to the civil society that political space may have been opened for autonomous organization. Hence, popular mobilization and splits in the regime may feed on each other' (1991: 57).

Cuba has not yet arrived there: power-bloc splits are not evident, nor is there anything like a counterpart with which to negotiate. For that to happen, the combination of regime crisis –perhaps with the prospects of serious repression – and the emergence of a counter-hegemonic alternative would be required. It can only be speculated whether and under what circumstances such a situation might emerge.

Scenario forecasting in Cuba is a highly risky business. Here we make an attempt, identifying three basic scenarios that will gradually emerge with greater clarity as decisions and circumstances unfold in the time ahead:

1. A neo-patrimonial system, whether 'socialist' as in China and Vietnam, or an 'oligarchic' variety as in Russia or Angola;<sup>16</sup>
2. A transnational neo-authoritarian system: neoliberal capitalism based on massive US and other foreign direct investments, with the full dismantling of the current state and power structure (Cuba as a mini-Florida);
3. Transformation to a mixed economy with a more pluralist and participatory polity, and the reconstruction of a welfare state: a negotiated process towards some kind of social democratic system.

As shown in **Figure 1**, we hold that a series of strategic decisions by the post-Castro generation of leaders in favour of more market-oriented economy is what *might* take Cuba in a less authoritarian direction, while simultaneously helping to rebuild the welfare state.



**Figure 1:** Roadmap to a less authoritarian post-Castro Cuba.

## Notes

- <sup>1</sup> There are unfortunately no reliable opinion polls in Cuba to substantiate this and other claims about public opinion. Our statements build on access to a wide network of Cubans, developed during 40 years of living and traveling in the country, frequent travels to all parts of Cuba, systematic study of non-official media (not least social media), and logical reasoning (see also our remarks on the methodological challenges in studying Cuban power structures).
- <sup>2</sup> The Soviet Union was formally dissolved on 26 December 1991.
- <sup>3</sup> The Platt Amendment (1901) stipulated the conditions of US dominance over post-colonial Cuba. Although it was formally abolished in 1934, the relationship of dominance continued until the Cuban Revolution (1959). Since then, it has been implicit in US–Cuba policy that the USA considers it as its prerogative to impose a certain political system on Cuba. That is what we refer to here as *Plattist policy*.
- <sup>4</sup> Nationalism played the opposite role – and was a major reason for regime change – in Poland and in Yugoslavia, and partly in the dissolution of the USSR (see Brown 2009; Saxonberg 2013).
- <sup>5</sup> These figures have never been made public. However, Cuban Minister of Economy, Marino Murillo Jorge, responsible for implementing the economic reform, said in a meeting with economy students at

the University of Havana on 23 April 2015 (obtained from a private source present at the meeting), that the *canasta básica* was in 2015 calculated to be CUP 1,450 per person per month, while average salary was CUP 600. Thus, a family of four with two breadwinners would cover slightly more than 20% of the family's basic needs through their average incomes.

- <sup>6</sup> According to official figures, during the three years following the 2013 lifting of emigration restrictions, almost 121,000 Cubans emigrated to the USA, whereas 621,000 took advantage of the opportunity to travel abroad, most of them for the first time. However, then-President Obama, only two weeks before leaving office, repealed the 'wet foot – dry foot' policy of allowing all Cuban migrants free entry into the USA.
- <sup>7</sup> The 7<sup>th</sup> Party Congress decided, with effect from the 2017/2018 general elections, that no persons could hold leading government positions for more than two periods (i.e. 10 years); further, that leading party positions after the 2021 Party Congress could not be held by persons above 70 years of age.
- <sup>8</sup> According to Morales (2017, Figure 3), in the absence of a formal wholesale sector, almost 50% of the 'invoicing' in the private Cuban economy (estimated at between 1.5 and 2 billion USD annually) is represented by 'distant wholesale market': the informal import of goods not readily available in Cuba.

- <sup>9</sup> As an indication of access to family remittances from the USA, the 1990 US Census found that only 3% of nearly one million Hispanic residents in Dade County, the dominant Cuban area of Miami, were black. 'Black and Cuban-American: Bias in Two Worlds', *New York Times*, 13.09.97: <http://www.nytimes.com/1997/09/13/us/black-and-cuban-american-bias-in-2-worlds.html>.
- <sup>10</sup> Among the reforms long overdue will be to abolish the dual monetary system, a major obstacle to the introduction of a functional economy. However, this could have dramatic short-term effects. A leading Cuban reform economist, Juan Triana, has claimed that monetary unification might put as much as 60% of state companies out of business, laying off as much as 2 million Cuban workers (40% of the country's total workforce) (quoted in interview with Fernando Ravnberg, *Cubaencuentro.com*, 20.04.17: <http://www.cubaencuentro.com/txt/cuba/articulos/hacia-donde-miraran-ahora-los-cubanos-329229>) (accessed 29.09.17).
- <sup>11</sup> According to a recent survey, 92% of self-employed interviewees wanted to expand their businesses (Mesa-Lago et al. 2016, Table 20, p. 65). Only 24% had received family remittances from abroad as investment in their businesses (ibid., Table 69, p. 171).
- <sup>12</sup> For a comparison, the number of public protests in China is by some experts estimated to reach as much as 180,000 per year (figure from 2010), probably reflecting a more pluralistic economic society. A similar rate per capita would mean more than 1000 public protests per year in Cuba – a situation the Cuban government would probably see as threatening to the country's stability (see Will Freeman, The accuracy of China's 'mass incidents', *Financial Times*, 2 March 2010, i.a. quoting the Chinese sociology professor Sun Liping).
- <sup>13</sup> According to Mesa-Lago et al. (2016: Table 21), based on in-depth interviews with 80 self-employed entrepreneurs in 2014/2015, 'bureaucracy and legislation' ranks as the second most important problem encountered (after the lack of wholesale markets). Social anthropological field work among petty traders in Havana (Wig 2017) has revealed the constant war waged by state inspectors and police against these traders.
- <sup>14</sup> A figure cited by leading Cuban economist Juan Triana, posted 11.07.2016: <http://oncubamagazine.com/columns/the-situation-and-development-in-cuba/>.
- <sup>15</sup> The remarks were made during an internal conference with party cadres in February, 2017, and leaked to the public in August that year: 'Díaz-Canel muestra su perfil más talibán', *Diario de Cuba*, La Habana, 21.08.17 [http://www.diariodecuba.com/cuba/1503333729\\_33423.html](http://www.diariodecuba.com/cuba/1503333729_33423.html) (accessed 29.09.17).
- <sup>16</sup> Regarding a *neo-patrimonial scenario* (see e.g. Erdmann and Engel 2007; on the relevance of the concept in the Latin American context, see Bechle 2010), we may distinguish between a 'socialist' (Vietnamese) and an 'oligarchic' (Russian) variant. In either case, the likely outcome would be drastic enrichment of the elite, and a dramatic increase in social differences.

## Competing Interests

The author has no competing interests to declare.

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