



Cuba: In from the cold or into the fire?

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‘These 50 years have shown that isolation has not worked. It’s time for a new approach.’

With these words President Barack Obama announced on 17 December the first softening towards Cuba since the revolution of 1959, the expropriation of American and other foreign capitalists in 1961 and the doomed Bay of Pigs invasion of the same year.

This was the culmination of 18 months of secret negotiations, hosted by Canada and facilitated by Pope Francis. Canada is one of Cuba’s biggest trading partners, accounting for 17 per cent of Cuba’s exports, while the Pope is the spiritual leader not only of Cuba’s 10 million Catholics (60 per cent of the population) but also many of the 1.8 million emigres concentrated in Miami, New York, New Jersey and California.

Embargo

Nevertheless the US sanctions regime – the most extensive in history – remains in place. As Republicans dominate both the Senate and the House of Representatives, and are both fiercely opposed to anything Obama proposes and closely tied to the exiled Cuban capitalists, sanctions may not be lifted anytime soon.

The Foreign Resistance Act (1962) and Cuban Assets Control Regulations (1963) outlawed all trade with Cuba by US corporations and individuals, whether based in the USA or not. Private money transfers were also prohibited, denying Cuba access to hard currency, while travel to Cuba was banned.

The embargo pushed Cuba even more firmly into the arms of the USSR and its economic bloc, Comecon. In 1965, the 26th of July Movement, which had led a revolution on a bourgeois programme of national sovereignty under capitalism, merged with the small Cuban Communist Party. By the end of the decade, almost all of Cuba’s economy was nationalised and production organised according to a bureaucratic plan.

The collapse of the USSR in 1991 took away Cuba’s export market, including its lifeline, the sugar-for-oil trade, which accounted for 73 per cent of Cuba’s exports and nominally paid about four times more for sugar than the world market price. However, this did not lead to a restoration of capitalism, as occurred in Eastern Europe.

US imperialism saw its chance to finally bring down a ‘communist’ regime only 170 km southeast of its territory. In 1996, Bill Clinton signed off the Helms-Burton Act. Its purpose was literally to starve Cuba into submission; Cuba has to import roughly half its food. It penalised foreign companies that traded with Cuba and barred their employees from entry into the USA. It banned all Cuban-related activity on Wall Street and debarred ships that had been to Cuba in the past six months, forcing companies to declare the nature of their activity on the island.

The fact that this openly violates ‘international law’, so often cited by the imperialists when it is to their favour, counted for nothing.

Survival

How has Cuba survived this isolation? Its survival surprised almost all the commentators, especially the US-based Cubanologists who relentlessly advocate a policy of privatisation, dismantling of planning mechanisms and full exposure of all parts of the economy to the market. They have consistently blamed all on the stubbornness of the ‘evil’

Fidel Castro.

Certainly the economic collapse in the early 1990s was severe. As much as 80 per cent of foreign trade was lost. Imports fell from \$8 billion to \$2 billion over three years. GDP fell by 31.6 per cent between 1989 and 1993. Sugar production, dependent on exports to the Soviet bloc, dropped by nearly 60 per cent between 1989 and 1995. Even in 2000 its output was only half of its 1989 value.

Aside from political repression, which for example outlaws public criticism of the regime's economic programme, it is undoubtedly continuing mass support which made this survival possible. Although there were protests and clashes with the police in Havana in 1994, no mass movement against the regime has yet emerged.

The government called this mass scarcity of everything, including food supplies, the 'special period'. Energy supplies collapsed as Soviet oil imports dried up. Things recovered only slightly when Venezuela under Hugo Chávez granted oil exports on favourable terms from 2000 on.

The regime began minor economic reforms. In 1993 the use of hard currency and the transfer of US dollars from abroad were legalised. State farms were converted into cooperatives, farmers' markets were liberalised and a limited private sector was introduced. Foreign investment, in the form of joint ventures with the state, were also encouraged, especially in tourism, which was to replace sugar as the main economic sector.

Parallel to this, the government began to reduce the state sector. From 1989 to 1998, the proportion of workers employed by the state fell from about 95 to 79 per cent. Many ended up in the informal sector, which was gradually legalised.

The reforms had its price, paid for by the working class. Real social expenditure per capita decreased by 78 per cent. A two-class society gradually emerged: those who had access to dollars, mainly in tourism, and those who didn't.

With dollars, Cubans could buy scarce consumer goods not otherwise available. Skilled workers, doctors, teachers and mechanics, abandoned their jobs and started to work as hotel staff or taxi drivers. Hotels and resorts became privileged zones, which ordinary Cubans could not enter. Prostitution, enormously reduced after the revolution, began to flourish again, along with the black market.

By 2000 there were 400 joint ventures, with estimated foreign investments of more than \$2 billion, the Cuban military holding shares in the most important. In 1999 Carlos Lage, vice-president of the Council of State of Cuba and a member of the Politburo, explained his economic strategy: 'All past and future changes will be performed within our socialist system.'

But he continued: 'By the way, Cuba offers conditions to investors what they don't find in most countries of the Third World: security, stability and a population with a high level of health and education; an economy which found its own way and continuing growth, a country without corruption, without drugs and without organised crime.'

The Cuban bureaucracy was trying to take a course similar to China's. But the bureaucracy itself is no monolithic bloc. The traditional party elites see market reforms as a necessary evil, and want to maintain state control and bureaucratic planning. Another tendency increasingly sees the market reforms as a desirable way forward and is eager to expand them.

At each turning point, in 1991, 2001 and 2011, the regime has conducted mass 'consultations', not just within the party but also the wider population. Sometimes it has even altered its plans in the light of criticism.

The official party youth paper, Juventud Rebelde has even stated (rightly) that bureaucratic planning and lack of workers' democracy are Cuba's main problems: 'Socialism is only possible where transparent, democratic and real workers' control exists.' Its significance is limited, however, because it doesn't reflect the material interests of any faction of the ruling bureaucracy.

Life after Fidel

At the end of 2007, the 81 year old Fidel Castro renounced all his state offices, due to health problems. In February 2008, the National Assembly elected Fidel's designated successor as the new head of state: his younger brother Raúl Castro, a Stalinist hardliner once known as the 'fist of the Revolution'. It fits to that reputation and the nature of Stalinism that it is now, under his rule, that moves to restore capitalism are advancing further.

In September 2010, the government announced the dismissal of half a million state sector employees, about 10 per cent of Cuba's workforce, while another half a million would be sacked in the coming years. Self-employment was widened to 178 activities, financial credits were introduced for new entrepreneurs and licenses for 250 000 economic freelancers were issued. Private sector farming, already accounting for 71 per cent of production, was also increased.

By the end of 2015, 1.8 million workers will work in the private sector, rising from 5 to 45 per cent of GDP. Raúl Castro explained this new policy with the words: 'We have to erase forever the notion that Cuba is the only country in the world where one can live without working.'

In January 2014, Cuba's first free trade zone at the new port of El Mariel was inaugurated by Raúl Castro, together with Brazil's President, Dilma Rousseff. Brazil's government financed 75 per cent of the port, built under the control of Brazilian construction multinational Odebrecht.

Two month later, the National Assembly passed a law opening up all sectors to foreign investment, except for health, education and press. It guarantees tax exemptions for eight years and protection of property and profits. Currency convertibility between the dollar and the peso is also set to take place.

This is why the pressure on the USA to change course has increased, and why the Republicans' pet Cuban exile politicians have lost influence. US companies are being invited to make profits on the island. The real reason for the embargo is being weakened.

As Julia E. Sweig, director of Latin America Studies at the Council on Foreign Relations put it: "You see players other than Venezuela coming in, most prominently Brazil, China, some Russia, a little bit of Mexico. Europe now is involved in a deep political dialogue that is going to result in more investment by its member countries, and I think Cuba has kind of reserved a slice of that portfolio for the United States."

Political revolution

However, it may not go that way. Far too often the Cuban revolution has been written off and the return of capitalism heralded as just a matter of time. The Cuban working class is highly politicised. Because the regime could never realistically defend itself militarily; even in the Bay of Pigs crisis it had to arm and mobilise 100,000 volunteers, the Cuban Communist Party rests far more than other post-capitalist Stalinist regimes on a degree of popular support.

Cuban workers and youth have every reason to fear any rapprochement with the USA. Not only is there the historic memory of life under former US puppet Fulgencio Batista, but also 55 years of invasion and siege. This will be an obstacle to the USA's ability to conjure up a 'colour revolution' led by its stooges, along the lines of Georgia, Ukraine and elsewhere.

The opening up of the economy, on the other hand, will continue to fragment the bureaucracy and create opportunities for a working-class opposition to emerge. It is vital that a revolutionary Trotskyist party is formed in the coming period, to defend the gains of the Cuban revolution. These are by no means small, with a lower infant mortality rate than the USA and longer life expectancy than almost any Latin American country. But to do so, it will also have to destroy the bureaucratic apparatus that ultimately can only lead the country back to capitalist exploitation.