Economic Development Bulletin



CENTER FOR GLOBAL LIBERTY AND PROSPERITY

June 27, 2018 | Number 30

The Mirage of Transition in Cuba

By Antonio Rodiles and Erik Jennische

n April 19, Raúl Castro stepped down from his self-ascribed role as president of Cuba and transferred the post to his deputy, Miguel Díaz-Canel. For the first time since 1959, neither of the Castro brothers, Raúl or the late Fidel, supposedly rules the island. The handover of power to a new generation—Díaz-Canel is 57 years old—and changes to some political rules, such as the introduction of term limits, have fueled hopes that in the midterm a democratic opening might be in the cards. However, this so-called transition is just a mirage.

The Castro family remains firmly in control of the government and the military. Raúl has kept his posts as secretary general of the Communist Party of Cuba (PCC) and commander in chief of the Cuban Revolutionary Armed Forces (FAR). Meanwhile, his son, Alejandro Castro Espín, is at the center of a new power structure that Raúl carefully put in place in recent years, one in which the military elite and the second tier of the Communist Party leadership are in charge.

Fifty-two-year-old Castro Espín is currently a colonel in

the Interior Ministry. He is the coordinator of the intelligence and counterintelligence services, which makes him one of the most powerful figures in Cuba. He was also the head of the National Defense and Security Commission, a recently disbanded advisory body to Raúl Castro that many perceived to be a "parallel government." Rumor has it that Raúl's goal is to place Castro Espín as secretary general of the PCC by 2021, which would make him the effective ruler of Cuba. ¹

Díaz-Canel—although nominally the president—will not wield real power. He himself confirmed this in his inaugural speech to the National Assembly, in which he stated that "Raúl Castro Ruz, as First Secretary of the Communist Party of Cuba, will make the most important decisions for the present and the future of the nation."

The idea that a democratic transition is underway in Cuba is further belied by two well-documented developments: the increased crackdown on dissidents and groups in civil society, and the regime's backtracking on the timid economic policy changes Raúl Castro implemented when he came to power in 2006.

A GRIM OUTLOOK FOR CIVIL LIBERTIES

Despite the hopes stirred by the diplomatic rapprochement between Washington and Havana more than three years ago, it is now clear that the Cuban regime does not intend to change the fundamental nature of its Stalinist political system. In fact, there is evidence that the dictatorship has increased its repression of dissidents and civil society.

The number of arbitrary detentions for political reasons reached 9,940 in 2016, exceeding that of any previous year since 2010,³ and detentions have since remained high.⁴ Since Barack Obama visited the island in March 2016, the Cuban political police have made it even more difficult to demonstrate. Police officers are now placed outside the houses of dozens of activists during the weekends to prevent those activists from participating in the Sunday marches organized by the *Damas de Blanco* (Ladies in White) and #TodosMarchamos. The police also make it nearly impossible for other human rights defenders and political activists to meet. Hostility against the families of activists has increased as well. The number of political prisoners has doubled to 140 over the last couple of years.⁵

Even though in 2013 the regime lifted—although not entirely—the requirement for ordinary Cubans to get permission to travel abroad, democracy activists' ability to travel is severely limited. Dozens of Cubans have been arrested by the security police days before traveling, on their way to the airport, or even at the airport, and have thus been prevented from participating in seminars and conferences abroad organized by international human rights organizations. Limits on travel to the island also persist for Cubans living abroad: individuals who have criticized the dictatorship or been politically active against it are not allowed to visit.

In April 2016, the PCC gathered for its Seventh Congress. In his opening speech, Raúl Castro made it clear that there would be no reforms that could threaten the "unity of the majority of the people behind the Party" or "cause instability and insecurity." Referring to international demands for a multiparty system, Castro clarified that such a system would occur "neither today, nor ever" and warned that "if one day they succeed in fragmenting us, it would be the beginning of the end of our fatherland, of the Revolution, socialism, and national independence." Foreign minister Bruno Rodríguez claimed in his speech that Barack Obama's visit had been "an attack on our conception, on our history, on our culture, and on our symbols."

The objective of the PCC's Seventh Congress was to discuss two documents. The first describes the principles and theories of the economic and social model of the Cuban

government. It states that the PCC is "the superior leading force of the society and the State." The second document outlines the "Vision of the Nation" for 2030. Cuba should be "sovereign, independent, socialist, democratic, prosperous, and sustainable," and to achieve this, the document deems it necessary to have an "efficient and socialist government."

Two guiding principles of that vision—national defense against aggression and national security—reinforce the regime's current defense doctrine, which states that the regime's institutions, political and mass organizations, and the rest of the population will participate in confronting the activities of "the enemy." The militarization of society and the inclusion of ordinary citizens in the surveillance system have been two of the most effective strategies to curb self-organizing in Cuban civil society.

There is scant mention of reform in those documents. Freedom of expression or assembly or multiparty democracy cannot be part of the regime's narrative. When the PCC declares those principles and that vision for the coming 15 years, it does not have in mind anything other than continuing in exactly the same way as it has for the last six decades.

The only reform within the political system announced at the PCC Seventh Congress concerned the age of individuals entering the highest positions of the party—the central committee, the secretariat, and the political bureau—and how long they will be allowed to hold their positions. In the future, nobody above the age of 60 will enter those bodies or serve for more than two five-year terms. With this amendment, Raúl Castro wanted to rejuvenate the apparatus and create a new network of loyalists for his son and inheritor, Alejandro. Castro also promised that those changes would be included in the constitution and proposed a constitutional reform and subsequent referendum, a process that would "ratify the irrevocable nature of the political and social system." ¹¹⁰

BACKTRACKING ON TIMID POLICY CHANGES

The consolidation of power in the hands of the Castro family does not seem to be the main topic of concern for most Cuba watchers. Instead, they focus on the promise of the economic program adopted by the PCC in 2011, aimed at creating a small-business sector that could generate employment and improve services. Unfortunately, those policies have been too timid to bring about meaningful change to the Cuban economy, and the regime is now backtracking on some of them.

The number of independent microbusinesses grew rapidly between 2010 and 2014, but that growth has significantly decelerated since. In recent months, the regime has announced new restrictions on the private sector because of complaints about, among other things, "excess accumulation of wealth." It also stopped handing out licenses for small businesses, saying it needs to reevaluate the legal framework around these businesses and combat corruption related to them. In July 2017, Raúl Castro openly criticized the dynamics of the microbusinesses. A leaked video recently showed Díaz-Canel saying that the regime sees entrepreneurs as capitalist instruments who can destroy the revolution. As *The Economist's* Bello column rightly points out, "the government wants a market economy without capitalists or businesses that thrive and grow." Is

The regime continues to exert absolute control over the legal labor market, retaining—or confiscating—around 95 percent of the hard-currency earnings of all Cubans working in the formal dollar economy. These profits are then invested in the state's repressive machinery and in the personal coffers of the Communist Party leadership. This modern-day system of slavery will not lead to the empowerment of Cuban workers or to the advancement of their rights.

Moreover, the concentration of economic power in the hands of the FAR has accelerated since 2014. The FAR own at least 57 companies and half of the retail businesses in

Cuba, along with car fleets, gas stations, and supermarkets—all of which are key sectors of the economy.¹⁵ They also control at least 40 percent of the foreign capital in the country through their holding company, Grupo de Administración Empresarial Sociedad Anónima (GAESA). This means that foreign investors in Cuba must establish direct relations with GAESA and its CEO, Luis Alberto Rodríguez López-Callejas, Raúl Castro's son-in-law.

PROSPECTS FOR CHANGE

The lack of human rights and democracy is the essence of Cuba's totalitarian political and economic system. The legacy of the Castro brothers includes not only executions, imprisonments, assassinations, torture, beatings, harassment, and intimidation but also a constitutional and legal framework that legalizes repression and promotes widespread violations of human rights by the authorities.

It is not realistic to expect that the Cuban regime will embrace democracy and the rule of law any time soon. A real transition in Cuba must involve the immediate release of political prisoners, the restitution of all fundamental rights and freedoms, the complete dismantling of the dictatorship, and the celebration of free, multiparty, and competitive elections—in other words, the construction of a functioning democracy.

NOTES

- I. Roberto Álvarez Quiñonez, "¿Necesita Alejandro Castro, el hijo consentido, ser presidente?" *Diario Las Américas*, January 22, 2018, https://www.diariolasamericas.com/america-latina/necesita-alejandro-castro-el-hijo-consentido-ser-presidente-n4141838.
- 2... "Primer discurso completo de Díaz-Canel como presidente de Cuba," *Pulso de los Pueblos*, April 19, 2018, http://pulsodelospueblos.com/primer-discurso-completo-de-diaz-canel-como-presidente-de-cuba/.
- 3. *Deutsche Welle*, "Cuba Arbitrary Arrests Soared in 2016, Dissidents Say," January 6, 2017, http://www.dw.com/en/cuba-arbitrary-arrests-soared-in-2016-dissidents-say/a-37033489.
- 4. Data from Defenders' Database, https://database.civil rightsdefenders.org/.
- 5. Figures from the Cuban Commission on Human Rights and National Reconciliation (CCDHRN), http://ccdhrn.org/.
- 6. Raúl Castro Ruz, "Informe Central al VII Congreso del Partido Comunista Cuba," Cuba Debate, April 17, 2016, http://www.cubadebate.cu/noticias/2016/04/17/informe-central-al-vii-congreso-del-partido-comunista-cuba/#.Wt9DkBPwZhE.
- 7. "Raúl Castro y canciller cubano arremeten contra visita de Obama," CBS News, April 18, 2016, https://www.cbsnews.com/news/raul-castro-y-canciller-cubano-arremeten-contra-visita-de-obama/.
- 8. See "Documentos del 7mo. Congreso del Partido aprobados por el III Pleno del Comité Central del PCC el 18 de mayo de 2017 y respaldados por la Asamblea Nacional del Poder Popular el 1 de junio de 2017," http://www.granma.cu/file/pdf/gaceta/%C3%BAltimo%20PDF%2032.pdf.

- 9. "Documentos del 7mo. Congreso del Partido aprobados por el III Pleno del Comité Central del PCC el 18 de mayo de 2017 y respaldados por la Asamblea Nacional del Poder Popular el 1 de junio de 2017."
- 10. Article 5 of the Cuban Constitution already states that "The Communist Party of Cuba . . . is the highest leading force of society and of the state, which organizes and guides the common effort toward the goals of the construction of socialism and the progress toward a communist society."
- 11. Redacción, "Licencias para trabajo privado en Cuba: las que sí, las que no," *On Cuba*, August 3, 2017, https://oncubamagazine.com/economia-negocios/licencias-trabajo-privado-cuba-las-que-si-las-que-no/.
- 12. Reuters, "Cuba Tightens Regulations on Nascent Private Sector," December 21, 2017, https://www.reuters.com/article/us-cuba-economy/cuba-tightens-regulations-on-nascent-private-sector-idUSKBN1EF318.
- 13. Bello, "A Year Without Fidel," *The Economist*, December 9, 2017, p. 38.
- 14. "Testimony of the International Group for Corporate Social Responsibility in Cuba before the Inter-American Commission on Human Rights," October 15, 2005, p. 17, http://www.cubastudygroup.org/index.cfm/files/serve?File_id=5411e1c1-7883-4015-9d22-2doecc99318b.
- 15. Michael Smith, "Want to Do Business in Cuba? Prepare to Partner with the General," *Bloomberg Markets*, September 30, 2015, https://www.bloomberg.com/news/features/2015-09-30/want-to-invest-in-cuba-meet-your-partner-castro-s-son-in-law.

