

Cuba and the possible socialism

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THE CUBAN revolution of 1959 overthrew a corrupt dictator who represented the interests of a local elite associated with the United States. It was therefore a nationalist revolution against a classical power scheme – the association of the Empire with local dependent elites. But it occurred at the height of the Cold War, and given its radical rejection by the U.S. government, which was unhappy with the nationalization of companies, sooner than later it became a communist revolution. It does not matter, now, whether the revolution would have been limited to being a national revolution if the United States had accepted the nationalization and negotiated. This was the thesis strongly defended by C. Wright Mills in 1960, following a long visit to Cuba at that decisive moment, in his book *Listen, Yankee*. What matters now is to know whether Cuba was successful or not, and what future lies ahead of it.

The success of a nationalist revolution *cannot* be measured by the fact that it established democracy in the country. Its goal and therefore the criterion of its success is the fact that it was able to promote the capitalist revolution – that it established an autonomous nation-state and promoted the industrial revolution, which is the necessary condition for the economic development process to be sustained and for democracy to be consolidated in a country. The success of a socialist revolution, in turn, depends on its ability to substantially increase economic equality among its citizens, and also that this outcome represents a path toward democracy.

In view of these criteria, it is clear that the Cuban Revolution was successful in achieving national autonomy, but the establishment of a nation-State was not sufficient for the country to carry out its industrial revolution. Its economic development was modest and the country remained a primary exporting country. It ceased to be a major exporter of sugar to become a major exporter of zinc. To be an industrialized country and export manufactured goods, Cuba would need a larger domestic market to serve as a basis for its industry and should have neutralized its Dutch disease. Setting up an industrial base directly to export is possible, but much more difficult. In other Caribbean and Central American countries, where the territory and the population are small, this was probably the main reason for their non-industrialization, besides the lack of national autonomy. Cuba had the advantage, over its neighbors, of having made its national revolution, but suffered the trade embargo from the United States that



View of the city of Havana from Castelo de San Pedro del Morro, or "El Morro".



may have been sufficient to neutralize this difference. If Cuba's market were larger and if the country had managed its exchange rate in a way that ensured its competitiveness, the first stage of basic industrialization - the development of economic infrastructure and basic industry - could have been conducted by the State so that the country could subsequently open up to capitalism and grow rapidly, as was the case in China.

And what about socialism? The experiences of the Soviet Union and China have shown that making a socialist revolution in a poor country is not feasible from the economic standpoint. The State is able to promote basic industrialization, but it is inefficient to allocate resources in complex economies. The Cuban Revolution was successful in building a fairly egalitarian society, including good quality universal access to healthcare and education services, but failed to reach the stage of complex industrialization required for rapid economic development - for attainability.

Like all other Latin American countries, Cuba is a victim of the Dutch disease. The abundance and low cost of exploitation of its natural resources cause the exchange rate to be permanently overvalued - a satisfactory exchange rate for the export of commodities that use these resources, but incompatible with the survival of industrial companies that use global state-of-the-art technology. During the Cold War Cuba relied on subsidies from the Soviet Union which, however, did not help to neutralize the Dutch disease; on the contrary, they probably aggravated it even further. Unless Cuba neutralizes its Dutch disease by managing its exchange rate for that purpose, it will not be an industrialized country.

With the demise of the Soviet Union the subsidies disappeared and Cuba experienced a major crisis. But the crisis was fairly overcome several years ago and the country went back to thinking about its future. What future can that be? The "West" always assumes that sooner or later the Cuban Revolution will collapse. They trusted that it would happen once Fidel Castro died. Fidel did not die, but transferred the management of the country to his brother, and the political regime remained solid. Although there is no democracy in Cuba, it is clear that the economic and political system has the support of the population. Although the country has failed to experience satisfactory economic development, it has built an egalitarian economic system and has therefore been able to improve the living standards of the population. So there are no indications that the revolution will fail in the coming years and that Cuba will become a "democracy" like most of its neighboring countries - a society dominated by an oligarchy associated with the West. It could always turn into a country like Nicaragua or El Salvador, where left-wing governments try to rule with national autonomy facing the local colonialist oligarchy, but this does not seem to be a desirable alternative for the Cuban people.

The current situation, however, cannot last forever. Cubans are well aware

that they cannot remain an authoritarian, little developed semi-socialist country till the end of time. Thus, they have a project: to follow in China's footsteps. They know that Russia made a double mistake by simultaneously promoting the political economic opening and by having accepted the economic opening proposed by the United States. The economic disaster and human suffering that the Gorbachev and Yeltsin governments imposed on the Russian people by having chosen that path were terrible. Instead, Cubans want to follow China's example and introduce the opening to capitalism under the control of the Communist Party. Therefore, they want to promote first the economic and then the political opening. They believe that by so doing they will be able to establish a mixed economic system better than that of western capitalism - a system in which State and market, professionals and entrepreneurs join efforts and reinforce each other, leading the country to grow rapidly and ensuring attainability.

The government of Raúl Castro is betting on that path. And it has been gradually introducing reforms that open the Cuban economic system to capitalism while maintaining the decisive role of the State in the coordination of the economic system and making sure that the Communist Party will not lose political control. In principle, this is the only option that will allow Cubans to preserve part of the economic equality achieved and, at the same time, achieve sustained growth. The increase in inequality will be inevitable, but will be limited. In its initial phase the price of capitalist development is the increase in inequality. But if the bet is successful, the standard of living of the vast majority of Cubans will improve and, in a second moment, we could witness the transition to democracy.

However, the success of this Cuban bet is far from assured. When in 1979 China took a leap towards capitalism under the leadership of Deng Xiaoping, it had already, with Mao Zedong, made its national and industrial revolution, educated the entire population and made the necessary investments in its infrastructure and basic industry. Although Mao Zedong was building an egalitarian society and his goal was socialism, he had actually completed the first part of the Chinese capitalist revolution. Cubans have failed to achieve this result. They have also educated their children, but have been unable to establish an industrial base. Its advantage over the Chinese is having established a solid social State at a relatively low cost. Among its downsides are a small domestic market and an undeveloped industrial base.

Cuba is for many a sort of last hope of socialism. It is a mistake to think in those terms. It would be very good for the world that a reasonably egalitarian society such as Cuba's succeeded in becoming developed and democratic. But one must think of a possible socialism that probably will only survive in countries that have met a number of conditions, namely: (a) a high level of economic development; (b) a capital-saving technological progress, so that wages will grow at a higher rate than productivity without prejudice to a satisfactory

profit rate for entrepreneurs to invest; (c) interest and lease rates received by rent seekers - those who earn without working but have not yet retired - are the lowest possible; (d) opportunities for personal fulfillment are fairly equal for all through truly equal education; (e) the differences in merit-based pay are relatively small – only the strictly necessary to stimulate work and innovation.

These are conditions that entail the political will to create a freer and more just society, the increase in both labor and capital productivity, the ability to manage organizations or enterprises and the State apparatus in an increasingly efficient way, the recognition of conflicts coupled with the prioritization of understanding and harmony. These are economic and political conditions that can only be met by politics – by the ability of citizens with a Republican spirit to argue and make mutual concessions to rule, guided by the values of freedom and equality, and especially of fraternity or solidarity.

These are conditions that I will not discuss here, but which I have chosen to mention because when thinking about the Cuban people and their great struggle, I cannot help but reaffirm my belief in human development which, however, will only be full if it is not only democratic but also socialist; if it has on the horizon, in addition to freedom, a reasonable equality of living conditions.

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