Chapter 1: Introduction

Although Cuban officials avoid the word "reform," Cuba has been "updating" or "modernizing" its socio-economic development model or at the brink of making significant changes for several decades. Cuba is a country of contrasts and contradictions which feed internal and external conflicts. The surprising December 17, 2014 announcement by Presidents Obama and Raúl Castro about a new direction for U.S.-Cuban relations -- followed by the formal reestablishment of diplomatic relations on July 1, 2015, and the reciprocal reopening of Embassies in Washington and Havana in July and August 2015, respectively -- confirmed Cuba's ongoing "updating" process although more recent developments in the U.S. put into question the future of the direction chosen by President Obama.

With an aging leadership and now decades-long economic struggles, the pace of change in Cuba accelerated under the leadership of Raúl Castro. Today Cubans can open small businesses, travel abroad, more easily access the internet, and purchase cell phones, microwave ovens, (prohibitively expensive) new cars, and even homes. Important steps aimed at influencing the external environment by attracting foreign investment were the creation of the Mariel Special Development Zone (ZED Mariel) in November 2013 and the approval of a new foreign investment law in March 2014 that offers protections and incentives to foreign capital to participate in the updating the "Cuban economic model." The evolving relation with the United States could accelerate many of these trends, in part by bringing more Americans and more American goods into Cuba. Of course these changes in economics and international relations also influence society, thus moving the needle on social issues such as race, youth, and gender, which in turn are reflected in the arts.

Shortly before the historic December 17, 2014, coordinated statements by Presidents Obama and Castro announcing the intention of the United States and Cuba to work toward normalization of relations, many of the authors in this book met at the University of Pittsburgh at a conference to examine Cuba's internal reforms and their external influences within a comparative framework. The goal of the conference was to draw on experiences from different parts of the world to explore Cuba's reform process and potential directions and challenges for future changes. This volume is the result of our discussions, supplemented with contributions from other scholars who were not in attendance at the conference but whose work spoke to issues that were relevant to the project.
Our goal in this volume is to move beyond studies that focus on a single reform theme, such as economic development. We have, instead, considered potential reforms in multiple issue areas, which we have grouped under the themes of politics, economics, and society. In so doing, we have crossed traditional lines, by including both social scientists and scholars from the humanities in order to consider reforms from diverse academic perspectives. While this has sacrificed some unity in methodology—some chapters use the comparative framework less explicitly than others—there are substantial gains from providing the broader perspectives.

The overall goal of the book is to discuss and analyze concerns about reform in Cuba, and where possible to draw lessons from a comparative context. To be most useful, the comparisons require a detailed description of the Cuban case itself. This chapter, therefore, focuses specifically on Cuba, providing a general outline of the ongoing reforms in the island, connecting them as appropriate to earlier efforts that may have been abandoned and have now been restarted, or that recently have been refined and boosted. The chapters that follow, which we summarize at the end of this introduction, analyze particular aspects of reform within the areas of economics, politics, and society. The comparative context is particularly especially important for the first two of these areas, where the authors address issues such as the efficacy and effectiveness of social security policy, investment policies, and the sustainability of democracy. The other chapters look inward, considering how society must face challenges in terms of race and domestic violence.

**Contradictions and the Need for Reform**

In spite of being an island nation home to just 11 million people, Cuba has had a big nation foreign policy impact. The Cuban model has been an inspiration—from both positive and negative perspectives—for social movements, political leaders, and cultural expressionists around the world. Leftist groups have drawn hope from Cuba's advances in public health and education, as well as the country's ability to survive in the face of U.S. animosity. Opponents of the regime, meanwhile, point to violations of human, civil, and political rights, as well as the stagnation of the economy and decay of infrastructure. The highly visible and bizarre transportation system provides a microcosmic view of the inconsistencies that abound in the island. Alongside luxury tourism buses and modern airports, are the ubiquitous U.S. cars from the 1950s, Soviet Ladas from the 1980s, as well as nineteenth century horse-pulled wagons, especially outside of Havana.

There are many other contradictions. While many people live in buildings that are crumbling around them, and it is not uncommon for multi-generational families to live under the same roof because of the severe housing shortage and deterioration of the housing stock from lack of maintenance, those same inhabitants typically do not pay rent as they own their dwellings and also enjoy free universal health care and education. With the emergence of agricultural markets selling produce in convertible currency, citizens with access to convertible currency can obtain foodstuffs to supplement goods available through the rationing system. Personal hygiene items such as soap, tooth paste, toilet
paper, and cleaning supplies are today much more available than they were just a few years ago, but they are very costly, as they are available mostly in convertible currency.

Another oddity in the economy is the growing private sector, financed and usually operated by international firms. These companies, many of which operate in the tourist sector, generate hard currency for the government, but the government continues to severely restrict private employment contracts. Further, the companies operate in spite of outstanding conflicts over the Cuban regime’s nationalization of land and businesses after the revolution. Travieso-Diaz (Chapter 6) discusses the potential directions for resolving these disputes. Perhaps Cuba’s ability to attract investment without resolution of the disputes, however, will give them leverage in future negotiations. On the other hand, Perez-Lopez and Xiao (Chapter 4) point out that Cuba’s needs are vast and “resources assigned to investment over the last decade has been abysmally low and insufficient to generate vigorous economic growth.”

Cuba's policies of universal education and health care for its citizens are widely recognized as significant achievements. Cuba's literacy rates are among the highest in Latin America and the Caribbean, approximating 100%. Similarly, school life achievement (measured by the number of years of schooling, from primary to tertiary, that a child is expected to receive) is also very high, reflecting Cuba's compulsory education at the primary and secondary levels and generalized free education at all levels. Despite large large cadres of teachers trained by Cuban higher education institutions and a falling enrollment -- for demographic reasons -- Cuba has recently faced difficulties in staffing schools because of the decision by many teaching professionals to abandon this field and enter more remunerative employment in low-skill tourism and other occupations that pay in convertible currency; to fill the teacher gap and properly staff schools, Cuba has resorted to offering financial incentives to retired teachers to induce them to return to the classroom.

Cuba's robust public health care system, emphasizing preventive care through the deployment of public health personnel at the neighborhood level (the so-called médico de familia program) and aggressive vaccinations, has virtually eliminated communicable diseases. The main causes of death of Cubans today are similar to those that kill citizens in developed countries: non-communicable diseases such as cardiovascular diseases, cancer and chronic lung diseases. Cuba also has one of the lowest infant mortality rates in the world and one of the highest doctor-to-patient ratios. With over a dozen medical schools, including the Escuela Latinoamericana de Medicina (ELAM), which trains students from many countries (including from the United States), Cuba turns out annually a prodigious number of medical school graduates. Moreover, Cuba has made inroads in the area of biotechnology and developed some medications that have potential for breaking into international markets. Yet the overall public health system has been deteriorating, with shortages of basic medicines and medical supplies. Moreover, there is a palpable shortage of doctors in many of Cuba's medical institutions, as a high share of medical graduates are performing services abroad on behalf of the Cuban government and some others have chosen to leave the island to practice their career elsewhere.
Another area of contradiction is race relations. The revolution intended to end racism, but while, blacks attend the same schools as whites, get the same medical attention, and lead important institutions, economic conditions are clearly affected by race. Within cities, blacks continue to be overrepresented in poor neighborhoods and whites in wealthier ones. This is in part attributable to heritage issues, as prior to the revolution whites lived in the wealthier neighborhoods and these dwellings have been passed on to their heirs. While there is no reliable information on this, consumption levels of black households are believed to be lower than those of white households given the importance of remittances, which are tied to historical emigration; fewer blacks in Cuba have relatives living abroad who can remit to those in the island.

The situation with regard to women has certain parallels with that of blacks. Early on, Cuba's leaders pledged to eliminate all forms of discrimination against women; to oversee the dismantling of such discrimination, in 1960 Cuba established the Federación de Mujeres Cubanas (FMC) under the leadership of a very visible leader, Raúl Castro's wife, Vilma Espín. The laudable objectives of the FMC included incorporating women into the labor force, providing equal opportunities for women in education, careers and jobs, and attracting women into political activities and government administration. Cuba has been quite successful in doing away with discrimination in education, with women enrolling in higher education at rates equal or higher than men, but less so in other areas, for example participation at the highest levels of government administration. While women's share of seats in the National Assembly and in provincial and local assemblies has been rising, the top echelon of the Cuban government is still controlled by (white) men. To some extent this reflects the prominent role that the generation of históricos have played in leadership positions, but it does not seem that women are well represented in the generations that will take over once the earlier generation departs.

Cuba has two domestic currencies, the Cuban or "national" peso (CUP) and the "convertible" peso (CUC). The Cuban peso can be converted to convertible pesos at the rate of 26 CUP = 1 CUC. Cuban citizens who work for the state and state pensioners, among others, are paid in CUP: the average monthly salary of employees of state and mixed enterprises in 2015 was 687 CUP (about 26.4 CUC or $26.42 assuming parity between the CUC and the U.S. dollar), while the average monthly pension was roughly 270 pesos ($10.39) and the monthly social welfare payment about 199 pesos ($7.65). These income levels are grossly insufficient for Cubans to maintain a reasonable level of consumption, even if prices for the basket of goods available to all citizens through rationing system (the despised "libreta de racionamiento") are very low and denominated in CUP. Certain products, such as potatoes, peas, and cigarettes have been recently removed altogether from the rationing system. This means that households have to acquire them either in other markets where prices in Cuban pesos are higher or prices are denominated in CUC. Products such as cooking oil, fresh vegetables, high-quality cuts of meat, are only available for CUCs. The circulation of the two currencies gives rise to numerous oddities and distortions. For some goods, e.g., ice cream at Havana's iconic Coppelia ice cream shop, and services, e.g., entrance fees to theaters and dance clubs, one price is charged in CUP for Cuban patrons and the same price in CUC for foreigners (e.g., 10 CUP for Cuban citizens and 10 CUC for tourists). The high purchasing power of CUCs
makes them highly desirable and sends ordinary Cubans to chase tourists to get tips in CUC or to go into other lines of work that allow access to CUC.

The celebrated education and health systems are not without their serious problems. A common refrain, especially during the "special period," was "you can't eat education and health care." Today, citizens with university education in philosophy, pedagogy or even medicine drive cabs or work in the tourism sector. They prefer to work in occupations outside of their field of study because doing so gives them access to hard currency. Although high priority has been placed in stimulating the agricultural sector and individuals can get some land from the state to operate a private farm, few want to become farmers, in part because that would mean very harsh labor conditions, including plowing fields with beasts of burden. Further, while the national health care system does provide preventive care, basic supplies such as aspirin, are difficult for citizens to acquire.

Chapters in this volume by Mesa-Lago (9) and Vazquez-D’elia (10) document the needs of the health and welfare systems in Cuba. In comparison with those in Eastern Europe and Latin America, the Cuban system has some highlights (namely coverage) but many weaknesses. Among those, the financial sustainability is questionable, especially as the population ages. To adjust, the Cubans have increased the retirement age, but also reduced the already tiny monthly stipends to levels such that they can only provide food for about seven to ten days. For health care, they have also made dramatic cuts; they have closed many rural hospitals and the decline in care and availability of medicine has led to a noticeable worsening of health statistics (e.g. a sharp rises in infections in hospitals).

A final area where critics demand reform is in the area of democratic freedoms. The country has only one political party and leadership is tightly centralized and controlled. After the revolution Fidel Castro promised elections, but instead he consolidated power and used his control of the state to watch the citizenry rather than allowing the reverse. There have been few reforms in this area and the potential for successful transformation is dubious. Chapters by Dimitrov (6) Backer (7) Pérez-Liñán and Mainwaring (8) and Linden (11) make this point. Dimitrov, first, studies the odd inclusion of citizen letters in Granma that often complain about government performance. This “proxy accountability” has some value especially with respect to local officials, but by implication there is need for more direct methods with greater scope and impact. Backer analyzes the Cuban Communist Party, which continues to monopolize the country’s politics. Pérez-Liñán and Mainwaring, then, show that for countries like Cuba that have had limited democratic experience there is also a low likelihood of building a sustainable democracy in the short term. Linden, finally, casts doubt on the prospects for Cuba’s democratic future by looking at Eastern Europe. Some countries have made the transition, but others, even with some favorable factors aiding their paths, have not. Cuba does exist within a “democratic neighborhood,” but there are concerns about one particular neighbor, as well as internal and external leadership.

Have the Reforms Started at Last?
Mounting pressures on the system, the demonstration effect of the newly-opened Mariel port and ZED Mariel free trade zone, the passage of a new foreign investment law, the opening to the United States, continuing poor economic performance, and a fast-approaching (biological) end to the "historical" generation of leaders who fought in the insurrection against Batista and have governed the country for more than five decades, suggest that Cuba's ever-expected age of reform has arrived. As Cuba engages in such a reform process, it will have as reference paths followed by many other countries that have made full or partial political and/or economic transitions: countries in Eastern Europe and Asia have moved away from socialism, while countries in Latin America have experimented with different reform models of the welfare state. They and other countries have many lessons to offer Cuba about reforms of socio-economic and political institutions.

A great challenge for Cuba will be to examine these other experiences and apply the pertinent lessons in such a way that the country will be able to build on the positive aspects of its culture and system, avoiding some of the pitfalls that have befallen democratic and capitalist countries. Cuba might want to avoid duplicating the conditions that permitted the emergence of crony capitalists and oligarchs in the former socialist nations, who benefitted from bungled privatization processes, and gained inordinately large economic and political clout which acted as a brake on economic growth and development. Similarly, if the experience of others in Latin America are examples, as Cuba rolls back controls and expands the freedoms of its citizens, it will likely struggle to prevent international drug trafficking cartels from getting a foothold in the island. Today crime is lower and personal safety is much greater in Cuba than in nearly all of Latin America, and a great challenge for the future is to preserve those valuable traits.

Perhaps the question about reform for which there is most debate regards how Cuba will adapt its economic model. Vietnam, China, and the states of the former Soviet Union provide divergent examples of reforms of socialist systems that Cuba could follow, but Chapter <2> of this volume (by Morgenstern and Pérez-López, based on contributions by Alzuguray and Morrison) calls attention to the idea that Cuba’s history and culture will demand a unique path. Meanwhile, McGuire's Chapter <3> uses the examples of South Korea and Taiwan to delve into the conditions for economic growth. An important finding of his research is that Cuba may well be poised for an economic takeoff.

In its more idealistic stages, the Cuban revolution tried to eliminate all elements of market mechanisms and to create a communist society and economy. During the ideological 1960s, the Cuban government nationalized essentially the entire productive sector of the economy, including manufacturing, commercial agriculture, wholesale commerce, and utilities. In 1968, as part of the so-called "Revolutionary Offensive," the Cuban state took over the retail trade sector, from cafeterias and fruit stands to beauty salons, and converted all owners and workers in these enterprises into state employees. In the early 1960s, Cuba abolished teaching of economics and accounting at universities, and Che Guevara went so far as to propose the eventual elimination of money in Cuba.
Despite efforts to exterminate market behavior, Cubans have displayed, and continue to display today, an innate commercial impulse. Goods obtained under the rationing system are regularly sold and bought between households. Black markets are also supplied with goods that are surreptitiously taken from workplaces by workers. Many individuals resell clothes and cell phones that they receive from relatives abroad or from international visitors. Still others charge tourists illegal fees for taxi rides or purchases. And they seek employment in jobs that will allow them to "desviar" (divert) state property for their own use and exchange. The opportunity to earn a few more pesos a month is highly attractive, and jobs that touch the tourist sector and can lead to tips in CUC that allow workers to realize in a few days more than what their state job would pay in a month, act as a magnet for university graduates to leave state-sector professional jobs for low-skill jobs in tourism.

The emergence of a private sector in the island has been most evident since the issuance of the economic and social development guidelines adopted by the VI Congress of the Cuban Communist Party (Partido Comunista de Cuba, PCC) in April 2011. Among other actions, the guidelines dictated the reduction of state employment and elimination of some of the constraints on self-employment. Although self-employment had been authorized since the early 1990s (as it will be discussed in more detail below, it was one of the emergency measures adopted to address the economic crisis of the 1990s, the so-called called "special period in time of peace") its growth had been choked by red tape and other restrictions. Many of the restrictions have now been lifted and certain retail enterprises formerly under state control (e.g., barbershops, cafeterias) have been turned over to their workers to be operated as cooperatives. These are indeed positive steps, but limits still remain on the types of private jobs that Cubans can pursue in private practice and professionals are not allowed to practice their specializations: Cubans can become clowns or re-fillers of cigarette lighters in the private sector, but they cannot practice their professions as lawyers or doctors.

Looking externally, the government inaugurated in 2013 a high-tech port facility at Mariel, built by a Brazilian multinational construction company with financing from a Brazilian public institution. The Mariel mega port will be able to handle traffic by the very large container ships that will traverse the enlarged Panama Canal (and perhaps future Nicaraguan transoceanic canals if they are built). Cuba sees Mariel as becoming the premier logistical center in the Caribbean, receiving and redistributing cargoes throughout the region and to other continents. To try to capitalize on the business that the port is expected to generate, Cuba has also taken the step of creating a free trade zone in the area neighboring the port. Cuba anticipates that the combination of the container port and the free trade zone will attract foreign investors and create well paying jobs for thousands of Cuban workers.

In the social area, there is also a debate about the past and recent reforms. How much have blacks advanced since the revolution? What is the role of women in the new Cuba? How much activism does the regime tolerate? The chapters by Saunders (14), Martin Sevillano (13), and West (12) speak to these questions. Saunders focuses on the mobilization and politicization of artists -- “artivism” -- on the island. The chapter discusses how the art activists “do not directly challenge the state, but [instead] impact on
the state’s monopoly on official revolutionary discourse.” She also argues that the economic changes, especially during the special period, radicalized people and helped to awaken the activist groups. Martin Sevillano’s chapter can also be seen in this light. In looking at the portrayal of domestic violence on state television, she highlights the state’s recognition of the problem. At the same time, she does not portray the state actors (here the police) as resolving the problem. West’s article highlights the timid or ignorant response by the state to racial concerns.

In discussing these reforms, it needs to be remembered that Cuba is a poor developing country, and its system is rife with tremendous social and economic problems and contradictions. One commentator at the conference even suggested that the level of development was so low and challenges were so great that Cuba would be “lucky to reach the level of development of Costa Rica within a generation.” Others strongly disagreed, citing Cuba’s rich tradition, which has produced many political and social achievements, and generated sufficient economic growth for the regime to survive for over fifty years. The challenges ahead and the optimism of the Cuban leadership about the future of its system are encapsulated in a Havana billboard: "new challenges, new victories."

**Cuba’s First Period of Reform: 1959-1990**

Cuba has been reforming or experimenting with its economic, social, and political system since the advent of its revolution in 1959. During its first years in power, the Castro regime adopted radical policies associated with state-run socialism. In nationalizing both domestic and foreign-owned companies, as well as taking control of private housing and agricultural land, the government embarked on a historic experiment. The experiment led to immediate roadblocks, some expected based on the theoretical problems of communist systems, and others arising from the practical application of domestic and international politics. The economic collapse that was widely predicted, after relations with the United States soured and that government imposed economic sanctions, was avoided by Cuba's forging new political and economic alliances and other exogenous factors that political and economic models were unable to predict.

On the economic policy side, revolutionary Cuba experimented with different industrial policies and forms of land tenure. Initially, the Cuban government sought economic diversification away from sugar and eagerly adopted state-led import substitution industrialization policies that were in vogue in Latin America at the time. Classic within the inflated economic development visions of the new regime are the statements made by then-Minister of Industries Guevara at the Special Meeting of the Inter-American Economic and Social Council of the Organization of American States in Punta del Este, Uruguay, on August 8, 1961. At this meeting Guevara stated that within four years, Cuba would be the most highly industrialized country in Latin America relative to its population, achieving first place in the region with respect to per capita production of steel, cement, electricity, and -- with the exception of Venezuela -- oil refining. Cuba would also reach first place in the region with respect to production of tractors, rayon, shoes, textiles, and other industrial products.
Within two years, the expansive industrialization plans had been shelved and Cuba had returned to sugar specialization. Gone was the negative public discourse about the sugar industry and the ills of sugar monoculture. In fact, in the mid-1960s, Fidel Castro put all bets on the sugar industry, publicly committing Cuba to producing 10 million tons of sugar in 1970, a production level that would have been a historical record. The 1970 sugar crop wound up reaching slightly over 8 million tons, about 20% below the target, at a very high cost in terms of misallocation of resources, adverse impact on other agricultural endeavors, and undue wear and tear on sugar workers and mills. For the next two decades, sugar would be the engine of the Cuban economy, essentially the only commodity that Cuba exported consistently to the Socialist bloc nations.

Although the expressed objective of the agrarian reform law promulgated by Cuba's rebel army from the mountains of Oriente province in October 1958, a few months before overthrowing the Batista regime, was breaking up latifundia and distributing "land to the tiller," the policy objective changed shortly after the revolutionary takeover. The May 1959 First Agrarian Reform Law did distribute some land to individual (landless) peasants, but the bulk of the sugar farms nationalized in 1959-61 were organized into cooperatives and the rice farms and cattle ranches into state farms. A new round of nationalization of agricultural land, under the aegis of the Second Agrarian Reform of 1963, increased the state's share of agricultural land. It should be noted that these so-called "cooperatives" were so in name only, as they were organized by the state, had no financial autonomy, obtained all of their inputs from the state, were instructed by the state which crops to plant and where, and were required to sell all -- or most -- of their output to the state at prices set by the state. State farms, inspired by Soviet collective farms (kolkhozy), were essentially government-owned latifundia where farmers were employees rather than independent producers. Cuba has experimented with different forms of cooperatives and forms of land tenure seeking for a way to organize the agricultural sector to increase productivity given the ideological constraints on ownership.

In the area of cultural reform, Ché Guevara’s imprint was again a primary determining factor. Institutional reformulation of cultural production in the early years of the revolution, which saw the creation of such organizations as the Cuban Institute of Cinematographic Art and Industry (ICAIC), established in March of 1959, and the Union of Cuban Artists and Writers (UNEAC), which came into being in August of 1961, operated under the premise of a generalized usefulness of art for education and ideological uplift for the popular masses. It also saw artists themselves as undertaking a leading role in this change; Guevara laid out his principles in the famous 1965 policy essay Socialism and Man in Cuba. Culturally and cognitively, the prerequisite for this artistic infusion would be the massive Literacy Campaign which took place during 1961 and raised the general level of literacy island-wide some 30 points, bringing it to 96 percent of the population. The Literacy Campaign built schools, deployed educators and volunteers, and was of greatest benefit to Cuba’s guajiros or white rural dwellers, and to the hitherto underserved black community.

One of the primary results of the cultural politics of literacy was the promotion of creative writing and the organization of literary competitions within the country. As might
be imagined, the recent and current revolutionary process, and the accompanying “ideological” positioning of the writers were primary considerations. Fidel Castro’s famous 1961 dictum on freedom of artistic expression, made in his “Words to the intellectuals” address that “everything,” within the revolution, was permissible, but that outside of it “nothing” was, is what would directly and indirectly guide not only the process of literary production, but also that of its reception and its official recognition, as writers and artists, as intellectuals, in their public role as “teachers,” worked ostensibly to strengthen the revolutionary consciousness of the popular masses, through their art (Sánchez Vásquez, p. 406). Accordingly, massive editions sometimes totaling 100,000 copies were published by state editorial houses and works that appropriately supported revolutionary premises received the most prestigious prizes. Indeed, the revolution’s first decade saw Havana develop into a cultural mecca for Latin American and Caribbean progressive thought, as regional competitions in varying genres were organized by the Casa de las Américas, and that organization’s prizes, whether for essay, novel, poetry, or other genres, became highly coveted distinctions. It is a point of historical record, in this regard, that the presence and support of current and future literary luminaries like Colombia’s Gabriel García Márquez, Uruguay’s Julio Cortázar, and Cuba’s own Alejo Carpentier, helped usher in what became known as the “Boom” in Latin American writing.

The revolutionary orthodoxy and didacticism that was expected of the writers and artists had the perhaps foreseeable result that many of the more adventurous or imaginative artists fell afoul of accepted requirements and were either blacklisted, or found that their materials would not be published by the state-controlled publishing houses. The expressiveness sought by Lunes de Revolución, the weekly literary supplement to the daily newspaper Revolución, for example, under the directorship of the iconoclastic writer Guillermo Cabrera Infante, and the independent publishing group El Puente, outlet for writers of purportedly suspicious sexuality and Black Power sympathizers, fell out of favor and quickly were closed down in 1961 and 1965, respectively. The government harassed homosexuals and in 1965 imprisoned important writers such as Virgilio Piñera, José Mario Rodríguez and Ana María Simo at the newly established labor camps (Unidades Militares de Ayuda a la Producción, UMAP), and former El Puente associate, Afro-Cuban poet Nancy Morejón, would not appear in print for over a decade as what was known subsequently as the “grey half-decade” or quinquenio gris of censorship, from 1968 to 1973, was imposed. A similar fate befell her former El Puente colleague, Miguel Barnet, before he, like Morejón, was re-incorporated into the official fold. One of the more noteworthy indications of the tensions arising from the struggle over artistic expression in the Revolution’s first decade concerns the so-called Padilla case in which Heberto Padilla’s poetry collection, Fuera del juego (1968), resulted in his arrest early in 1971, and to incarceration, humiliation and a public confession, in spite of the fact that the collection had received a major literary prize and been published by the UNEAC.

The Cuban government’s dismantling of the private sector extended beyond the productive sector of the economy. In September 1961, the Cuban government nationalized all private schools and universities. A significant proportion of the nationalized schools and universities were owned and operated by the Catholic Church. At the same time that it nationalized the private schools, the Cuban government expelled over 100 Spanish
Catholic priests and brothers that were still in the island; since May 1961, several hundred Catholic nuns, priests and brothers had voluntarily departed -- most of them bound for Spain -- after Fidel Castro announced the socialist nature of the revolution and the intention to launch investigations into the Catholic Church's involvement in anti-revolutionary actions. Also in 1961, the Cuban government nationalized all major private hospitals, so that by 1963, the entire health sector was under state control. The over 50 private social insurance funds that existed serving different professional groups were gradually seized by the state and their administration unified under state control in 1963. In 1968, with the so-called "revolutionary offensive" that nationalized over 50,000 small businesses, primarily in the retail sector, the Cuban state's control over retail trade (estimated at 75% in 1963) rose to nearly 100%, as did also control over industry (95% in 1963), construction (98% in 1963), and transportation (95% in 1963).

After a decade of experimentation and policy zig-zagging, in the 1970s, Cuba strengthened its ties with the socialist bloc, adopted the Soviet economic development model, and launched a process of institutionalization of the revolution. By the 1980s, Cuba had become a full-fledged member of the socialist community and its economy was interlinked with that of the Soviet Union and the socialist countries through the Council for Mutual Economic Assistance (CMEA or COMECON) and other socialist-bloc institutions. Cuba's role was that of supplier of sugar to the Soviet Union and other socialist countries, receiving in exchange oil, other raw materials, and machinery and consumer goods from the Soviet Union and the socialist community. Implicit in these commercial relations were preferential prices the Soviet Union paid to Cuba for its sugar exports and financial assistance and subsidized exports (primarily of oil) from the Soviet Union to the island.

In February 1982, Cuba reversed its long-standing aversion to foreign investment adopting a law that authorized the creation of joint ventures between Cuban entities and foreign interests for the specific purpose of engaging in profit-making activities that promoted Cuban development. This limited opening to foreign investment did not result in a significant amount of incoming capital but, together with a decision by the Cuban government to prioritize tourism development at the end of the 1980s and the creation of the government tourism enterprise Cubanacán in 1987, formed the basis for foreign tourism operators to enter the Cuban market. Spanish hotel chains were first movers, in the late 1980s, establishing joint ventures to build and manage hotels suitable for international tourism. By the early 1990s, hospitality chains from other (mostly European) countries were heavily engaged in the Cuban tourism industry; by the end of the decade, tourism had surpassed the venerable sugar industry as the largest generator of hard currency revenue.

The 1980s were a golden age for the economy of revolutionary Cuba. Fully integrated into the socialist economic community, recipient of development assistance from that community, and boosted by trade subsidies and seemingly unlimited credits from the former Soviet Union, Cuba turned in a decade of strong and steady economic growth. Sugar was the main driver of the economy -- the Soviet Union's demand for Cuban sugar was insatiable and sugar exports so beneficial that in the first half of the 1980s, Cuba built 7 new sugar mills, the first net additions to sugar production capacity in the island since the 1920s. Oil imports from the Soviet Union, bartered for sugar under preferential terms,
spared Cuba of the adverse impact of rising oil prices and even allowed Cuba to re-export some of the oil for hard currencies. In 1988, the last year for which these data are available, the Soviet Union and the EE-6 countries (Bulgaria, Czechoslovakia, the German Democratic Republic, Hungary, Poland, and Romania) absorbed 82% of Cuba's merchandise exports and provided 85% of Cuba's imports. Pérez-López (1991) reported that through 1986, the Soviet Union alone had assisted Cuba in completing 360 development projects and an additional 289 projects were in progress.

In the political arena, Cuba has made fewer reforms than in other areas, and in fact some historical reforms have not moved towards decentralization or openness, as documented in Backer’s contribution to this volume (Chapter <7>). In the 1970s, Cuba began to institutionalize the revolution. In December 1975, the Cuban Communist Party (PCC) held its first Party Congress, at which it elected its Secretariat and Political Bureau, and adopted several normative documents, principal among them a very detailed economic and social development plan for the period 1975-80. The latter replaced the ad hoc, short term economic and social development plans that had been adopted since the early 1960s. The First Party Congress of the PCC elected Fidel Castro as First Secretary and President. The following year, Cuba adopted by popular referendum a new (socialist) Constitution; consistent with this foundational document, nationwide (but restricted) elections were held that same year to elect the members of the National Assembly of People’s Power (Asamblea Nacional del Poder Popular, ANPP). Members of the ANPP are elected (though contests are not free and fair) every five years. Although in principle Cuba's main legislative body, to date the ANPP has not distinguished itself in acting independently of the Cuban political leadership and has gained a reputation as being largely a rubber-stamping institution.

To sum up, during the first three decades of revolutionary government, Cuba expanded its public educational system and developed an extensive public health and welfare system. Arguably, Cuba met the basic social needs of most of its citizens better than did other Latin American countries, with much better results in terms of infant mortality, life expectancy, literacy, and income distribution, although its economy struggled and Cuba lagged behind with respect to meeting economic needs of its citizens. On the other side of the balance sheet, while the regime began in the 1960s to formalize its system with a series of institutions that have democratic traits—such as multiple levels of government with elected officials—elections have always been highly restricted and the party is intertwined with the government. Cuba's record with respect to human rights has been spotty, travel by citizens restricted, and repression of the opposition -- through many means, including imprisonment -- commonplace. Today there is somewhat more dissent than in the past, and government opponents are more likely to be hassled than jailed. Further, international travel has opened up (for those who have the means to do it, most often with funding from relatives living abroad), and some international media is surreptitiously available. Still, Cuban citizens lack basic civil rights.

“Special Period” Reforms
While the 1960s-1980s saw important economic policy innovations, Cuba's most significant period of economic reforms came in the early 1990s, prompted by a crisis of monumental dimensions triggered by the fall of Cuba's Soviet patron. The disappearance of the socialist community of nations and the dissolution of the former Soviet Union dealt a severe economic blow to Cuba. In a matter of two to three years, Cuba’s main economic partners transitioned away from socialism/communism and toward free markets, forcing a restructuring of the island's external economic relations and the search for new buyers for Cuba's exports and sources for its imports. It has been estimated that the island's exports fell by about 80% between 1990 and 1993, and imports by about 75%. Cuba also lost military and economic support from the former Soviet Union, which was valued at many billions of dollars. Overall economic activity, as measured by the Gross Domestic Product (GDP), shrank by an estimated 35% during this period, one of the largest economic contractions on record anywhere.

The economic emergency that Cuba faced in the early 1990s has been called the “Special Period in Time of Peace,” characterizing the situation as similar to a war. The severity of the economic crisis, and the threat to regime survival, created an environment for policy innovation that otherwise would have been unthinkable. The situation was dire: there were generalized shortages of food, nutrition levels fell sharply creating famine-like conditions, the cut-backs in imported oil meant that electricity blackouts lasted for 8 hours or more per day in Havana (it was even worse in the rest of the country), many workplaces suspended work or closed operations because of shortages of raw materials and energy, and the public transportation system collapsed. In this scenario, the Cuban government implemented several important measures, principal among them the following (roughly in chronological order):

- **Legalization of the Holding and Use of Foreign Currencies:** In the summer of 1993, Cuba decriminalized the holding and use of hard currency by Cuban citizens. The purpose of this action was two-fold: (1) stem the booming hard currency black market; and (2) stimulate hard currency remittances to Cuban citizens by relatives and friends living abroad that would help in closing the balance of payments gap. To give concrete meaning to this so-called “dollarization” policy, the government created special stores at which individuals holding hard currencies could shop for items not available to Cubans holding pesos and liberalized travel to the island by relatives and friends of Cuban citizens. Later, the government created foreign currency exchange houses (Casas de Cambio, CADECA) at which Cuban citizens could exchange hard currencies for pesos at rates close to those prevailing in the hard currency black market and facilitated remittances by easing the procedures for receiving foreign funds and allowing private foreign companies to carry out some of the transactions.

- **Self-Employment:** In September 1993, the Cuban government authorized self-employment in over 100 occupations, subject to some restrictions. The authorized occupations were almost exclusively in the services sector. Among the restrictions on self-employment were, for example, that professionals holding a university degree could not become self-employed; similarly, since education and public
health services continued to be supplied by the state, physicians, dentists, teachers, professors and researchers were excluded from self-employment altogether. Candidates for self-employment had to request a license, could not hire others, had to pay fees and taxes to the government, and were restricted how they sold the goods or services they produced. The list of occupations approved for self-employment was expanded in October 1993 and in June 1995, bringing the total number of authorized occupations to 140.

- **Agricultural Cooperatives:** Also in September 1993, the Council of State approved breaking up large state farms into Basic Units of Cooperative Production (*Unidades Básicas de Producción Cooperativa*, UBPC). These UBPCs would have the use of the land they worked for an indefinite period of time, own the output they produced, be able to sell their output to the state through the state procurement system (*acopio*) or through other means, have their own bank accounts and be able to elect their own management. The rationale for the policy change was that the shift from state farms to cooperatives would give workers greater incentives to increase production with the least expenditure of material resources.

- **Tax Code:** In August 1994, the National Assembly approved a new and very broad tax code, to be implemented gradually beginning in October 1994. The system levied taxes on the income of enterprises, including joint ventures with foreign investors, as well as on the value of assets owned; earned income; sales; consumption of products such as cigarettes, alcoholic beverages, electro-domestic appliances and other luxury goods; public services such as electricity, water and sewer, telephone, telegrams, transportation, restaurants and lodging; real estate holdings; gasoline- or draft animal-powered transportation vehicles; transfer of property, including inheritances; public documents issued; payrolls; and use of natural resources. The law also foresaw employer contributions to social security, user fees on roads (tolls) and airport services, and charges for advertising of products or services.

- **Agricultural Markets:** Complementing the creation of the UBPCs, in late September 1994, Cuba authorized the creation of agricultural markets -- locations at which producers of selected agricultural products could sell a portion of their output at prices set by demand and supply. In most respects, the agricultural markets authorized in September 1994 are similar to the farmers’ free markets (*mercados libres campesinos*, MLC) that were created in 1980 and scuttled in 1986 as part of a campaign to eliminate market-oriented mechanisms. In October 1994 the Cuban government announced that it would also allow the free sale of a wider range of consumer products through a network of artisan and manufactured products markets.

- **Foreign Investment Facilitation:** In September 1995, the National Assembly adopted a new foreign investment law that codified the de facto rules under which joint ventures had been operating and introduced some innovations to the legal framework for foreign investment. For example, pursuant to the new law, 100%
foreign ownership of investments would be permitted, up from the 49% allowed by the earlier statute. The new law also simplified the process for screening foreign investment, explicitly allowing foreign investment in real estate, and authorized the establishment of export processing zones. In June 1996 the Council of State passed legislation creating export processing zones (*zonas francas y parques industriales*).

Though implementation of some of the policy measures was shallow – indicative of the luke-warmness of the leadership toward them – the package of measures was sufficient to pull the economy out of the abyss. No significant measures were implemented after 1996, by which time the economy had stabilized. From that point forward, the reform process was essentially stopped and the decentralization measures that had been implemented reversed somewhat. The "special period" reforms were more formally reversed beginning in 2003 under the aegis of an ideological construct promoted by Fidel Castro called the "Battle of Ideas."

In addition to economic hardship, the Special Period brought changes to the arts, race, and class relations, in part due to the peculiar discipline that the situation demanded. The period is marked by a gradual relaxation of government vigilance over cultural production, and an emergence of more diffuse and decentralized creative practices as new periodicals appeared and diverse new nuclei of interests emerged as the internet, social media, and more and more contemporary American and global cultural flows made their presence felt.

As has been mentioned, remittances from the U.S., mostly from white Cuban emigrés, grew rapidly, increasing the consumption capacity of household receiving remittances and supporting “incipient” small scale entrepreneurship. This contributed to a noticeable widening of the social and racial gap between those receiving and not receiving remittances. In fact, the very ethos of scarcity and limited opportunities that had characterized the revolution throughout has been said to contribute to a resurgence of patterns of racism under a different guise in this period. Indeed, to the degree that the Revolution might be associated with “reform” in terms of Cuba’s colonially determined racial dynamic, it must be mentioned that in its articulation under orthodox Marxist thinking, class trumped race, and the complaints from the aggrieved black constituency were usually met with the rationale that the dissolution of class divisions under socialism would bring an end to racist behaviors and attitudes with it, or alternatively, that the broader notion of national unity overrode the division that protests from Cuban blacks implied. According to Roberto Zurbano, noted cultural commentator, there was little specific official attention paid to the topic of race after some overt references to it by Fidel Castro in 1959, and it was thereafter rendered almost taboo or confined to the discursive strictures mentioned above. Zurbano also notes its current resurgence even in the presence of an increased ventilation of the topic in journals, popular art forms, and academic discourse starting in the Special Period and continuing into the new century. He concludes that on account of its dogged presence in Cuba’s living archive of phrases, gestures, and a multiplicity of exclusionary and discriminatory practices in the workplace, in academic settings, and in mass media, Cuba is experiencing a period of what he dubs an unsettling “neo-racism.” On the question of a possible reform in this troublesome aspect of social
life, Zurbano concludes that Cuba lacks the kind of “social debate, adequate tools and a racial policy and strategy that would destroy those racist structures that are not always political and economic, but also ideological and cultural, such as those that are continually reproducing themselves in education, mass media and in legislation.” (Zurbano, 26).

Critical to Cuba's economic recovery after the crisis of the 1990s was the coming into power of Hugo Chávez in Venezuela in 1999 and the economic support oil-rich Venezuela has provided to Cuba. Particularly since 2001, Venezuela provided Cuba with an economic lifeline in the form of guaranteed volumes of oil imports at preferential prices, markets for Cuban exports, investments in development projects, and credits to help Cuba plug up balance of payments imbalances. By 2010, Venezuela had become Cuba's largest trading partner, accounting for 40% of Cuba's goods trade. A critical element of the Cuba-Venezuela economic relationship has been the very large number of Cuban professionals (physicians, other health professionals, teachers, sports instructors and coaches) who work in Venezuela and whose salaries are captured by the Cuban government and used to finance the island's huge trade deficits.

Another important development, resulting from the combination of U.S. commercial policies and natural forces, was the emergence and surge in U.S. agricultural exports to Cuba. In 2000, farm interests in the United States were successful in amending the U.S. embargo to create an exception for agricultural products. The Trade Sanctions Reform and Export Expansion Act (TSRA) of 2000 authorized sales of U.S. agricultural commodities to Cuba provided: (1) the exported commodities did not include any form of U.S. government assistance, credits, or guarantees; and (2) sales were made in cash in advance or financed through third country banks; the legislation also denied Cuba access to all forms of U.S. private sector credit.

U.S. sales of agricultural commodities to Cuba under the TSRA were not significant in 2000 and 2001, but the situation changed drastically in 2002. Over a 12-month period -- from November 2001 through September 2002 -- Cuba was battered by three hurricanes, Michelle (November 2001), Isidore (early September 2002) and Lili (late September 2002), which wreaked havoc with Cuba’s agricultural sector. Cuba had to turn to imports to meet food consumption needs, and U.S. agricultural businesses were there to provide the desired commodities, profiting handsomely from sales to Cuba. U.S. sales of agricultural commodities to Cuba reached as high as nearly $1.8 billion in 2008. The concentrated efforts of U.S. agricultural exporters to trade with Cuba, and their success in creating an exception of the U.S. embargo to allow such transactions, may be a harbinger of what could be expected in the future in a new scenario of U.S.-Cuba relations.

The economic crisis of the 1990s led Cuba to make political-institutional reforms as well. In 1992, Cuba amended the 1976 Constitution to recognize property rights for joint ventures with foreign investors and to declare itself a secular state, thereby providing an opening for religious practice by the citizenry. Nevertheless, the 1992 Constitution did not affect the political centralism of the regime nor did it loosen restrictions on dissent.
Raul's Reforms (and lack thereof)

Cuba began to implement a new round of economic reforms -- which is still ongoing, although at a crawling pace -- after Raúl Castro assumed Cuba’s top leadership position, temporarily in 2006 and permanently in 2008. Many of these reform measures have been a continuation or elaboration of earlier efforts that were either abandoned or withered on the vine. However, in several instances, the reforms for the first time tackled some important issues that heretofore had been ignored by Cuba's leadership.

In February 2011, the PCC held its Sixth Congress, the first coming together of the Party in more than a decade (the Fifth Party Congress was held in 1997). In preparation for the Sixth Congress, in November 2010 the PCC circulated a comprehensive set of 291 draft economic and social development guidelines (lineamientos) seeking public discussion and comment. According to PCC officials, the draft guidelines were discussed at thousands of meetings held at workplaces, schools, neighborhoods, and at the community level throughout the island. Ultimately, the PCC Congress adopted 313 agreements, of which 92% addressed economic issues and 8% social issues. The subject matters covered by the guidelines included the economic development model, macroeconomic policies, external economic policies, investment policies, social policies, tourism policies, construction policies, and transportation policies.

To a large extent, reform measures adopted by Raúl Castro's government implemented the policy agreements reached by the Sixth Party Congress. Raúl's reform measures included a mix of what Mesa-Lago and Pérez-López (2013) have categorized as administrative measures, non-structural changes, and structural reforms. These different initiatives tend to be conflated by analysts, thereby missing some important differences among them with respect to breadth, impact and timing. In their taxonomy:

- administrative measures are governmental actions aimed at improving efficiency and reducing costs, such as reorganization of government structures and campaigns against corruption or labor indiscipline.
- non-structural changes are bolder and more creative measures, but of secondary order; they include, for example, one-off actions such as allowing citizens access to hotels and restaurants formerly accessible only to tourists, payment of arrears to farmers, sale of certain goods (for example, household electric appliances) to the population, authorization for citizens to operate taxicabs, and so on.

Administrative measures and non-structural changes can be implemented in a relatively short time period and tend to fairly immediate measurable impacts.

- Structural reforms, in contrast, alter the economic model or development strategy; they are more complex and more time consuming to implement. Finally, their impact may not be noticeable for some time after implementation.
The paragraphs that follow discuss some of the principal structural reforms that Cuba has implemented since 2008:

• Dismissal of state workers and stimulation of private sector jobs: These reforms built on earlier measures that allowed self-employment, but took them to a higher level, as they foresaw a reduction of about 1 million redundant jobs from the state payroll and their absorption by the private sector. New regulations raised the number of occupations that could be practiced by self-employed persons to 178, 21 more than previously approved; permitted entrepreneurs to hire up to five non-family members in about half of the occupations; permitted the possibility of self-employed workers selling goods and services to state enterprises; and made available some financing to self-employed workers. The state also permitted some state employees working in certain state enterprises to leave state employment and join the private sector in the form of cooperatives in services occupations, such as workers in barbershops, beauty salons, shops for repairing small electrical appliances or shoes, and small cafeterias.

• Distribution of state idle lands to individuals and cooperatives in usufruct: Also an impactful reform to date has been the distribution of idle state lands in usufruct to individuals and cooperatives. The granting of land to individuals was a significant change in land tenure, as for the previous five decades the Cuban state had deemed collective holding of land as a "superior" form of organization. Pursuant to the new rules issued in 2008: (1) landless individuals could obtain up to 13.42 hectares and existing landholders could bring up their total holding to 40.26 hectares for their use for 10 years, renewable for an additional 10 years; and (2) existing state farms, cooperatives, and other legal entities could apply for the usufruct of unlimited amounts of idle lands for 25 years, renewable for another 25 years. Although there are significant restrictions on the distributed land -- the usufruct for individuals and other legal entities is time-limited, the usufruct is not transferable to another party, there are some restrictions on what structures can be built on the land, and it is not clear how farmers who make improvements to their land (e.g., clearing the land from marabú and other invasive plants) would be paid for such improvements at the end of usufruct period -- nevertheless the distribution of land is having some positive impact on certain crops amenable to production in small farms. The ability of private farmers to sell their products increasing in free agricultural markets has increased the amount of fresh agricultural products that are available to Cuban consumers.

• Migration reform: Another important measure implemented in November 2012 was a major overhaul of the migration system. Since the start of the Cuban revolution through 2011, Cuban citizens did not have the right to travel abroad and had to secure permits (the so-called "white card") from the Cuban government to do so as well as an invitation letter from relatives or friends abroad. Travelers had to return within a certain time period or lose their citizenship plus all of their assets. The new regulations eliminated the exit permit and invitation letter requirements and
extended the time Cuban citizens could remain abroad. The new regulations also reduced the overall cost of traveling abroad by Cuban citizens.

- **Tax reform:** Enacted at the start of 2013, the new tax code -- which superseded the 1994 code -- was intended to be consistent with the country's new economic and social scenario, shifting the burden of taxation from indirect taxes (sales taxes, turnover taxes) toward direct taxes on income, profits, and assets held. The new tax system reinforces other policies, providing preferential tax treatment to priority sectors such as private agriculture and self-employment.

- **Sales/purchases (exchanges) of homes and automobiles:** The Urban Reform Law of 1960 confiscated most of the country's housing stock, banned real estate transactions, and gave tenants the right to own properties they rented after 20 years. Freezing of the real estate market -- individuals who wanted to move from one location to another had to create fictitious scenarios and go through the very inefficient mechanism of arranging a swap *(permuta)* -- coupled with the lack of construction materials meant that maintenance of homes was disregarded. The lifting of restrictions on home sales has stimulated home repair and maintenance, and has given renters the possibility of leveraging their home ownership into the possibility of purchasing other goods or services. A similar situation holds for automobile sales.

- **Foreign investment:** As mentioned earlier, Cuba issued a comprehensive foreign investment law in 1995 as part of the reform measures associated with the "special period." The Guidelines adopted by the Cuban Communist Party in 2011 recognized an important role for foreign investment in the nation's development and promised a series of measures to facilitate foreign investment. The first such measure was embodied in a law-decree passed in 2013 that created the ZED Mariel and offered a range of incentives to companies that invested in the zone. This was followed in 2014 by a comprehensive foreign investment law (that replaced the earlier 1995 law) that expanded the suite of incentives offered to potential foreign investors. In this regard, the Cuban government has undertaken an aggressive public relations campaign promoting foreign investment in the island and identifying specific projects that are suitable for foreign investment.

Notably absent in this list of reforms are changes to the political system. Backer (Chapter <7>) argues that in Cuba, the state and party structure are “symbolic” and that the power is still highly centralized. Comparing it to the reform process in China, Backer goes so far as to say that “the concept of socialist modernization, key to the scientific development of [Chinese Communist Party] CCP political lines, is noticeably absent from PCC discussion.” Still, the example of China suggests that economic openings do not necessarily engender political reforms. But if there were a political opening, there are diverse potential directions. First, Mexico and countries of the former Soviet Union suggest that parties that ruled during authoritarian periods can also participate successfully in a democracy. In addition to Backer’s chapter, Dimitrov’s (Chapter <6>) contribution in this volume suggests an alternative directions for the Cuban state and the PCC. Dimitrov
argues that the state is concerned with accountability, but it is unclear whether the state’s responses to citizen grievances is simply symbolic. Another concern is about the irrationality and incompleteness of reforms. This issue is evident in several of our chapters (e.g. Mesa Lago and Perez-Lopez and Xiao), and Edward Malesky raised it with reference to Vietnam at our conference. There he explained that while some relatively simple reforms can dramatically increase economic activity, state involvement in in key sectors has continued to distort incentives and thus prevent sustained growth.

Also absent from the reform agenda have been initiatives with regards to social relations. The revolution had immediate and direct impacts on Afro-Cubans, formally ending discrimination. On the informal level, however, racism continues and some careful analysts (e.g., de la Fuente 2011) go so far as to argue that the revolution has not improved the lot of Afro-Cubans. Still, there are notable changes, at least for some. While some blacks have risen to important positions in medicine, government, business, and other areas, it is the case that blacks dominate poor neighborhoods, and whites are in the wealthier areas. New policies that will increase remittances will only exacerbate these divisions, because more whites have relatives living abroad. Given that the government does not officially recognize racism, it has not developed policies to improve opportunities for average Afro-Cubans. West’s chapter in this volume (<12>) discusses some of the implications of this view, focusing on the citizenship, civil society, and identity. He also considers the “philosophical notions of equality under Cuba’s economic model.”

While political and social reforms have been slow to arrive, there are signs of some changes in terms of citizen-government relations and perhaps moves towards reforming the role of women in society. Martin Sevillano’s chapter (<13>) in this volume suggests that there is a growing awareness about the role of women within the household, and that the government, at least through the police, has a role to play in effecting a positive change. The problem is severe, but the fact that such issues are portrayed in state-controlled television is an important indicator that the state recognizes the problem.

The pace of reforms slowed since 2014. Raúl is fond of saying that Cuba's "updating" of its economic model (i.e., reform process) is proceeding sin prisa, pero sin pausa, slow but steadily, but the lack of significant structural reforms since then is quite noticeable. Reforms that have been discussed by Cuban academics and by Cuban government officials that are still to be made include the thorny monetary reunification, a deep enterprise reform, the elimination of the rationing system, elimination of the agricultural acopio system, and broad-based price liberalization. These are all difficult but critically important issues that Cuba's leadership has to address.

The Seventh Congress of the PCC, held in April 2016, was deeply disappointing for reform advocates. First, an assessment of the implementation of the guidelines approved by the Sixth Congress conducted in January 2016 found that only 21% of the 313 agreements had been implemented, with 77% still in progress. Second, unlike previous Congresses, the preparatory work did not include extensive documentation and public consultation. The two core documents presented at the Congress, "Conceptualización del Modelo Económico y Social Cubano de Desarrollo Socialista" (Conceptualization of the
Cuban Socio-Economic Socialist Model) and "Plan Nacional de Desarrollo Económico y Social hasta 2030: Propuesta de Visión de la Nación, Ejes y Sectores Estratégicos," (National Socio-Economic Development Plan to 2030: Proposal for a National Vision, Axes and Strategic Sectors) were discussed and approved in principle. However, in an unusual move, the time period for national discussion of the two documents was extended until the end of September, suggesting either that the documents had not been properly vetted or that there is a sufficiently large number of persons willing not to play a rubber stamping role with Party documents. Third, in terms of substance of the reform process, the new guidelines approved number 268, of which 31 are unchanged from the previous set of guidelines, 193 reflect reworking to earlier guidelines, and 44 are new ones.

A positive development was a very successful round of negotiations between Cuba and foreign creditors that led to significant concessions from the latter. Thus, in late 2015, Cuba and the group of creditor nations known as the Paris Club agreed on $15 billion as the amount that Cuba owed to this group of nations, which includes Russia; it is worth recalling that Cuba's debt to the former Soviet Union alone in the mid-1990s was estimated at about $35 billion (there was a dispute about the exchange rate between the ruble and the dollar) and therefore the $15 billion debt amount incorporates a substantial concession on the part of Russia. Prior to that, Cuba achieved significant foreign debt concessions from China (47.2%), Mexico (70%), and Russia (90%), and from Japanese commercial banks (80%). The combination of individual debt renegotiation pacts and the Paris Club agreement provided a boost to Cuba's international creditworthiness and ability to turn to international markets for financing.

Deeply disappointing to Cuba was the lack of success of deep-water exploratory drilling for oil conducted in the Gulf of Mexico, in areas leased to international oil companies within Cuba's Exclusive Economic Zone. Between January and November 2012, the state-of-the-art semisubmersible rig Scarabeo 9 drilled three offshore exploratory deep-water wells for international oil companies Repsol (Spain), Petronas (Malaysia), Gazpromneft (Russia), and PDVSA (Venezuela), which turned out either to be dry or not to contain oil in commercial quantity and quality and extractable at competitive costs. Cuban leaders had hoped for a significant oil find that would permit Cuba to generate international interest in oil exploration and provide badly needed foreign exchange. While oil exploration is likely to continue in the future, the hope that oil would transform Cuba’s economy appears not very likely, at least in the short run.

In addition to seeking to reduce its foreign debt -- and open up opportunities to tap international financial markets -- Cuba has been trying to diversity its commercial relationships and develop new economic allies. Brazil has emerged as an important commercial partner, source of investments, and provider of technology. As mentioned above, an example of Brazilian presence in Cuba is the Mariel mega port, built by a Brazilian multinational construction company with financing from a Brazilian export credit agency. Brazil is also an important market for Cuban physicians, who have been locating in that country since 2003 as part of the Más Médicos Program intended to bring health services to underserved areas in Brazil. According to Brazilian sources, in mid-2015 the Más Médicos Program employed 18,240 physicians, of which 11,487 (63%) were Cuban.
Also important are Cuba's developing alliances in Asia. China is now Cuba's second largest trading partner (after Venezuela) and the largest importer of Cuban sugar, taking about 400,000 tons of Cuban sugar per annum. The Chinese are second (after Brazil) in the construction and furnishing of equipment for the Mariel Port and they are building infrastructure, oil refineries, supporting oil exploration, and building hospitals throughout the island. Singaporean company PSA International has been chosen as the port's operator.

While China and Brazil have become important partners, Spain and Canada have had a substantial presence in Cuba for a longer period and continue to be important in Cuba's external sector. Spanish hospitality companies dominate the international tourism sector, managing a significant share of the hotels devoted to international tourism. Spanish medium-size investors are also quite active in the island, accounting for a large share of a form of foreign investment called "international economic associations," which are medium-size enterprises that produce goods that substitute for imports. Canada is the largest source of tourists and of investment in nickel mining and oil exploration and extraction.

One of Cuba's main worries at the time of this writing (late 2016) is the economic and political stability of Venezuela's government, and the continuing ability of that country to lend economic support to the island. Venezuela, whose oil exports revenues account for about 95% of export earnings, has been buffeted by declining oil world prices and by serious mismanagement of the economy. The victory by the opposition in the December 2015 election for the National Assembly dealt a heavy blow to the government of President Nicolás Maduro. Cuban leaders, who already lived through a very difficult adjustment upon the collapse of the former Soviet patron, have reason to be concerned about history repeating itself. In July 2016, President Raúl Castro informed the National Assembly that Cuba's economy was being adversely affected by Venezuela's financial problems as a result of the fall in the world price of oil. Added to this was a drop of 40% in crude oil imports from Venezuela in the first half of 2016 compared to a like period in 2015. Analysts disagree on whether this export short fall is temporary, caused by a short-term disruption in Venezuelan oil supplies, or it portends a shift to lower levels of Venezuelan oil exports to Cuba.

During the first few years of Raúl's reform, the economy grew at a rate of 2-3% per annum. Cuban officials reported that economic growth was 1.3% in 2014, but GDP growth rose to a higher 4.0% in 2015; for 2016, a growth rate of 4% was again anticipated. However, a looming liquidity crisis brought about by low prices of Cuba's export commodities compounded by Venezuela's woes led Cuban officials in late December 2015 to cut the expected 2016 growth rate to 2%. In July 2016, President Raúl Castro indicated that the growth rate in the first half of 2016 was actually 1%, and a new set of emergency austerity measures would be required. At the close of 2016, Cuban authorities reported that the economy had actually contracted by 0.9% in that year. The reduction in Venezuelan oil supplies in the first half of 2016 and the broad range of austerity measures announced by the Cuban government to address the crisis have raised the specter of a new Special Period. Although Cuban officials deemed the reduction in Venezuelan oil supplies to be temporary phenomenon, caused by short-term disruption in oil production, it nevertheless exposed the
vulnerability of the Cuban economy to oil supplies and was a vivid reminder for the population of the hardships associated with the Special Period.

Reforms and the Potential End of U.S. Economic Sanctions

The announcements by Presidents Obama and Castro on December 17, 2014, of the intention of the two countries to reestablish diplomatic relations, has raised the stakes for the Cuban reform process. If and when the U.S. economic sanctions are lifted, will the Cuban economy be in a condition to take advantage of access to the U.S. market, closed for over five decades, for the benefit of the island's economy?

What is commonly-known as the "U.S. embargo" (what the Cuban government insists in calling the "U.S. blockade") is actually a web of regulations, executive orders and actions, and legislation issued over decades that govern specific aspects of U.S. relations with Cuba in areas as disparate as trade, capital flows, credit, air transportation, communications, maritime transportation, and so on. Many of these U.S. policies controversially have extraterritorial reach, limiting commercial and financial relations between third countries and Cuba. The nature of the instrument determines which entity within the U.S. Government would have the authority to lift it and the process for doing so. For example, regulations issued by Executive Branch or independent agencies presumably could be modified or even eliminated following procedures embodied in the U.S. Administrative Procedure Act (APA). The APA, which was enacted in 1946 and reformed several times, sets out processes that agencies might follow for issuing or modifying regulations, including requirement for economic (cost-benefit) analysis, notice period, opportunity for public comment, and so on. Executive Orders and Actions are directives by the President that may be binding on the Executive Branch; they can be modified or eliminated by another order or action from the President that issued the directive or a successor. Meanwhile, restrictions that were put in place through legislation -- or were "codified," i.e., made part of U.S. legislation -- can only be modified or eliminated by legislative action, which in the United States means passage of a bill by both Houses of Congress and signature by the President. Clearly, restrictions of a legislative nature face the highest and most complicated path for modification or elimination.

Together with President Obama's December 17, 2014, statement, the White House issued a Fact Sheet of Administration Actions that would be taken immediately in support of the new policy. The changes announced would be implemented via amendments to regulations of the Departments of the Treasury and Commerce. Specifically, the announced policies would (1) facilitate an expansion of travel to Cuba under general licenses for the 12 existing categories of travel to Cuba authorized by law, (2) facilitate remittances to Cuba by U.S. persons, so that remittance levels will be raised from $500 to $2,000 per quarter for general remittances to Cuban nationals (except to certain officials of the government or the Communist party); (3) authorize expanded commercial sales/exports from the United States of certain goods and services to empower the nascent Cuban private sector; (4) authorize American citizens to import up to $400 worth of goods from Cuba; (5) facilitate authorized financial transactions between the United States and
Cuba, including the use of credit cards; (6) initiate new efforts to increase Cubans’ access to communications and their ability to communicate freely; and (7) update the application of Cuba sanctions in third countries with a view to facilitating trade. This latter policy may allow US companies to trade with Cuba via foreign subsidiaries, thus cutting a large hole in the embargo, even if Congress refuses to end that policy. In addition, the U.S. State Department announced that the U.S. would pursue discussions with the Cuban and Mexican governments to discuss our unresolved maritime boundary in the Gulf of Mexico, initiate a review of Cuba’s designation as a State Sponsor of Terrorism, and consider Cuba’s participation in the 2015 Summit of the Americas in Panama. Since then, the United States has begun the revision of Treasury and Commerce Department regulations, removed Cuba from the list of countries designated as State Sponsors of Terrorism and lifted objections to Cuba's participation in the Panama Summit of the Americas.

The United States and Cuba also launched an intense process of discussion and negotiation over numerous aspects of the relationship. The two countries established a Bilateral Commission, whose first meeting was held in Havana in September 2015, to tackle bilateral issues key to full normalization. A press release issued by the U.S. Department of State after the September session stated that the issues the Commission would be discussing through the end of 2015 included human rights, combating trafficking in persons, claims by U.S. citizens (from Cuban government expropriations), migration, counter-narcotics, regulatory issues, environmental cooperation, telecommunications and the internet, and direct mail. Indicative of the long process ahead to reach agreement on bilateral issues, Cuba's Ministry of Foreign Relations issued its own press release of the meeting, putting the items for discussion the bilateral agenda in three buckets: (1) establishment of cooperation mechanisms in new mutually-beneficial areas such as environmental protection, prevention of natural disasters, health, civil aviation, and law application and enforcement, including trafficking in persons and drugs and transnational crime; (2) dialogue on bilateral and multilateral issues on which the two countries have different conceptions, such as trafficking in persons and human rights on the bilateral agenda and climate change and epidemics, pandemics and other threats to global health on the multilateral agenda; (3) also part of the dialogue will be pending bilateral issues, such as compensation from the United States to the Cuban people for the human and economic damage inflicted by different U.S. administrations over 50 years and compensation for U.S. properties nationalized by the Cuban government as well as protection of trademarks and patents. The Cuban Ministry of Foreign Relations stated that "lifting of the blockade is fundamental at the current time and is essential for the normalization of bilateral relations. In addition, it restated that for normal relations to exist, it would be necessary to return to Cuba the territory illegally occupied by Guantanamo Naval Base, the suspension of illegal radio and TV broadcasting to Cuba, and the elimination of programs intended to destabilize and subvert Cuban constitutional order." To be sure, these are public positions and much can happen in a negotiations setting, but it is clear that resolution of all of the differences is not around the corner.

Taking steps to normalize diplomatic and economic relations between the two countries continued in 2015 and 2016. The U.S. Treasury and Commerce Departments announced several tranches of measures to eliminate U.S. restrictions on travel,
remittances, financial and trade relations. The Bilateral Commission held additional meetings in November 2015 and May, September and December 2016 to discuss a very broad bilateral agenda. Progress was made with respect to numerous topics, among them:

- In December 2015, the U.S. and Cuba signed an agreement restoring direct mail service between the two nations; initially, direct mail service would be established through a pilot program with the intention of full reestablishment as soon as possible. Direct mail service had been suspended for more than five decades, requiring routing of mail through third countries.
- Also in December 2015, the two countries agreed to restore regularly scheduled commercial airline flights, with 20 daily flights to Havana already approved, with the possibility of additional flights to other Cuban cities to be considered in the future. The formal agreement was signed in February 2016 and first direct commercial flight left Fort Lauderdale on August 31, 2016, and landed in Santa Clara.
- In March 2016, the U.S. and Cuba signed a Memorandum of Understanding on agricultural cooperation whereby the U.S. Department of Agriculture would allow industry-funded research and promotion programs and marketing order organizations to conduct authorized research and information activities in Cuba.
- In June 2016, the U.S. Department of Health and Human Services and Cuba's Ministry of Health signed a Memorandum of Understanding to establish a strategy to collaborate in the field of health through scientific, academic, technical and research-based projects and exchanges, addressing priorities such as communicable diseases, including Zika and dengue, non-communicable diseases, public health management, exchanges of health professionals, and aging.
- In late October 2016, the U.S. Food and Drug Administration approved the first clinical trial to test a Cuban drug in the United States, a lung cancer vaccine developed by Cuba's biotechnology industry. The test will be conducted at the Roswell Park Cancer Institute in Buffalo, New York, and will probably take at least three years to complete.

Significant in its symbolism was President Obama's visit to Cuba, which took place on March 21-22, 2016, and was the first time a sitting U.S. president visited the island since Calvin Coolidge in 1918. While in the island, Obama made a very powerful speech that was transmitted to the Cuban people in which he restated his conviction that it was time for the U.S. and Cuba to bury the differences of the past and have normal diplomatic and economic relations. President Obama also met with Cuban entrepreneurs and civil society activists and dissidents.

It is important to keep in mind that elements of the U.S. embargo of significant interest to Cuba -- such as unfettered merchandise trade between the two countries, access to trade credits from U.S. private and government institutions, and flow of U.S. tourists to the island -- are governed by legislation and are not subject to modification by the President. These all-important changes will need to wait until there is a U.S. Congress that is amenable to modifying/lifting some or all of the restrictions and a President who would be willing to enact a law incorporating such changes. Resolution -- or at least meaningful
progress -- on the extensive bilateral agenda referenced above will be essential for creating a Congressional climate that would be open to dismantling the embargo.

Notwithstanding the long and tortuous path ahead for the elimination of the embargo, the possibility of normal commercial relations between the United States and Cuba has created a great deal of expectations within the U.S. and international business communities who see potential economic opportunities. Generally speaking, the areas that have piqued the interest of foreign businesses include tourism, oil exploration and production (particularly Cuban import of advanced oil drilling and enhanced production technologies), nickel mining and processing, agriculture and processing of agricultural products, and biotechnology. Interest on the part of consumer goods industries is moderate, as the relatively low purchasing power of the population might limit this market, particularly for high-end goods. A handful of U.S. companies have made inroads into the Cuban market:

- In February 2015, video streaming company Netflix announced that it would make its subscription service available in Cuba at a monthly fee of $7.99. Significant because it was the first U.S. company to enter the Cuban market, the move by Netflix was largely symbolic, as few Cuban households can afford the monthly fee and moreover, the service must be paid in U.S. dollars and Cuban citizens are not able to make transactions in U.S. dollars.
- Airbnb, the internet peer-to-peer short-term hospitality company, began to offer accommodations in Cuba for licensed U.S. travelers effective April 2015. In essence, Airbnb internationalized the practice of lodging in casas particulares, one of the forms of private employment that was legal under Cuban legislation. In 2016, Airbnb expanded its services in Cuba to include travelers from third countries.
- Financial company MasterCard unblocked the use of its credit cards in Cuba effective March 2015. Like the move by Netflix, this was mostly a symbolic action, as very few outlets had the technology to use credit cards and they were not accepted by ATM. In November 2015, Stonegate Bank and MasterCard began to issue a debit card that can be used in the island. In June 2016, Cuban ATM began to accept U.S.-issued Master Cards.
- In February 2016, the U.S. press reported that Cleber LLC, a manufacturer of tractors headquartered in Alabama, has been approved by the U.S. and Cuban governments to set up a factory to manufacture tractors in the Mariel Special Development Zone, the first U.S. investment in the island in more than 50 years. (The Cuban government subsequently voided the deal, arguing that the proposed investment did not involve new technology and did not offer growth opportunities for Cuba.) Just prior to President Obama's visit to Cuba, Starwood Hotels and Resorts announced a deal with Cuban authorities to manage three hotels in Havana.

Although they have gotten off to a slow start, the newly-reestablished relations with the United States could potentially bring tangible improvements to the standard of living of Cubans, but to do so will require for Cuba to remove many of the internal restrictions on economic activity that currently exist and make important reforms such as currency
unification, privatization of state enterprises, elimination of restrictions on self-
employment, permanence with respect to land tenure arrangements, and so on. In other
words, a faster and fuller implementation of domestic reforms would be required for the
diplomatic and economic relations with the United States to bear fruit.

With the election of Donald J. Trump as 45th President of the U.S. effective on
January 20, 2017, the future of the developing U.S.-Cuba relations set in motion by
President Obama is in question and a policy reversal is not out of the question.

Roadmap for the Book

The book addresses multiple areas of reform, using authors from a variety of backgrounds.
We begin with five papers that focus on economic policies, each using different
comparative cases to generate their lessons for Cuba. The first of these, by Morgenstern
and Perez Lopez (but based on work with Morrison and Alzuguray) considers the
applicability of standard capitalist models to the Cuban context. Next, McGuire’s considers
conditions and policies that contribute to economic growth and compares the Cuban
situation to that of Taiwan and South Korea. To discuss foreign direct investment, which is
crucial to growth, Perez-Lopez and Xiao use China as a model. The fourth paper in this
part of the book deals with resolution of property rights disputes. Here Travieso-Diaz
relies on the experiences of Central and Eastern Europe to develop the theme.

Part Two of the book looks at social policies and political parties. Dimitrov begins
his innovative and empirical discussion of the “socialist social contract” using examples
from the Soviet Union and China. Next, Backer examines the Communist Party in Cuba to
those of other parts of the world (some of which are now defunct). Cuba is an outlier, he
explains, in terms of its continued centralized rule. He notes, however, that the death of
Fidel could allow reform to the party. Next, Pérez-Liñán and Scott Mainwaring consider
how a country’s democratic history predicts its future; from the comparative context, they
find that Cuba’s limited experience with democracy lowers their chances of future success.
The succeeding two chapters consider social welfare programs. Mesa-Lago, first, compares
the Cuban system to those in other parts of Latin America as well as China and Vietnam.
Although Cuba’s system compares favorably in terms of coverage, it is inadequate in its
ability to treat its populace. Mesa-Lago thus concludes with a series of recommendations,
which include reallocation of resources (e.g. towards elderly care and away from infant
mortality) and reforming to the tax structure such as to increase the financial stability of
the system. Vazquez D’Elia builds from the Mesa-Lago analysis by looking at changes in
Latin American pension and health systems. His explanatory focus emphasizes both
societal and economic changes and the role of changing political power. Political and
economic reforms in Cuba will inevitably give power to new actors, thus changing the
system. Foreign firms, for example, could provide separate systems for their employees.
The final chapter of the section, by Ron Linden, uses the fall of the ex-Soviet states to put
democratic reforms into context. These examples provide warnings, since only some have
succeeded democratically. The form of the transition (upheaval versus negotiation) plus
the role of external factors (the European Union for Eastern Europe) played central roles in
determining the success of transition in these countries. The parallels to the Cuban case are
clear.
The third section of the book moves from the focus from government and economic structures to societal concerns. The chapters are less comparative in nature, but they round out our book by emphasizing the needs for reforms within the broader society. The first of the chapters, by Alan West, focuses on race, emphasizing how the economic reforms increase pressures to confront the issue. The discussion also touches issues how the Cuban society views race within a context of suspicions of paradigms emanating from the United States or Europe. In the next chapter, Ana Belén Martín Sevillano explores domestic violence. The need for reform both in society and of governmental institutions is clear. She notes, for example, that “domestic violence as a concept is absent in Cuban law, and … therefore there are no particular legal procedures to address it.” Another aspect of the discussion is aggression of the police and security forces against dissidents, as well as the role of police in dealing with domestic violence. Domestic violence generally, including the role of the police, is depicted within the popular soap opera, Bajo el Mismo Sol (Underneath the Same Sun) on which the chapter is based. Tanya Saunders, finally, emphasizes how the repression and hardship on the island the role helped to spur a grassroots movement--“artivism”–to campaign for political change.

Perhaps a primary lesson that the totality of the chapters provides is that the idea of “reform” touches all aspects of government, economics, and society. The comparisons help to outline the many issues that Cuba is facing and they provide important lessons (for example, about the inadequacy of half measures). They also serve as a reminder that reforms are not always successful. In the book’s conclusion, Scott Morgenstern addresses these themes, and reflects on reform in Cuba given the death of Fidel and the opening of relations with the United States. He also provides a more complete summary of the chapters, emphasizing the comparative lessons.

Bibliography


Cuba. Ministerio de Relaciones Exteriores. *Comunicado de prensa de la delegación cubana a la primera reunión de la Comisión Bilateral Cuba-EE.UU.* (September 11, 2015), http://cubaeuu.cubaminrex.cu/article/comunicado-de-prensa-de-la-delegacion-cubana-la-primera-reunion-de-la-comision-bilateral


