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## How to Think About Change in Cuba: A Guide for Policymakers

**José Azel**

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1531 Brescia Avenue, Coral Gables, 33146-3010;  
Tel: 305 284-CUBA (2822), Fax: 305 284-4875, Email: [cubanaffairs@miami.edu](mailto:cubanaffairs@miami.edu)

## **Introduction**

Efforts to address complex policy questions are frequently guided by ideology or a set of preconceived beliefs. That is, analysts and policymakers are often tempted to jump directly to the offering of solutions or answering a policy dilemma without having had the opportunity to think rigorously about the topic at hand. In electing to title this essay “How to Think about Change in Cuba: A Guide for Policymakers” I seek to offer not a solution as such, but an intellectual methodological road map to the policy questions.

When considering multifaceted policy questions we need to distinguish between knowledge and belief in order to avoid illicit steps of inference. When this distinction is not made the danger is that a course of action is proposed as if supported by knowledge when it is based only on a set of beliefs. It is not that strenuous exegetical and analytical efforts are required, but rather what is essential is a willingness to assess whatever reasons can be found for affirming a policy position. This is the policymakers’ epistemic duty.

After nearly fifty years under totalitarian rule and a command economy system, the future of Cuba is indeed a thorny and complicated policy topic entangled with more beliefs than knowledge. Since Raúl Castro’s official ascension to power, in February 2008, the Cuban government has announced a number of changes to the country’s economic model. Each change has given rise to numerous speculations as to what comes next. This, in turn, has raised questions as to how the various constituencies should respond to the changes that Raúl Castro is introducing in Cuba.

For Cubans living in the island, for Cubans in exile, for the U.S. government, and for the international community the question of how to respond is of paramount importance. However, the how to respond question has been approached in technical terms by scholars, ideologically by *politicos*, emotionally by some and with indifference by others. Not surprisingly, the policy positions and recommendations differ widely and are at times contradictory. The discourse highlights the difficulties in thinking and talking about controversial policy topics such as the U. S. trade embargo of Cuba, and its relevancy and function in the current environment.

Similarly, since the collapse of the Soviet Union, a cottage industry has developed surrounding the topic of how best to transition a society from communism and a centrally planned economy to democracy and a market-based economic system. The transitions of the former socialist bloc countries have been studied in depth as well as the experiments with economic reforms in countries such as China and Vietnam. And although these experiences hold lessons for Cuba, they are not - due to reasons of culture, history, geography, and much more - directly and indiscriminately applicable to the future of Cuba. The first task therefore is to think about how to think about what is next for Cuba.

### **Methodology**

A starting point pivots on three simple questions borrowed from the strategic planning literature. To begin a strategic thinking exercise the strategist needs to ask: Where are we? Where do we want to go? And how can we best get there? Only then, when the available paths have been identified, can one choose from among them. For Cuba, in sociopolitical and economic terms the relevant questions become; where is Cuba

today? Where should it aim to be? What policies should the various constituencies advocate to get there? For present purposes we can dispose of the first two questions in short order by expository fiat. History, sociology, economics, and the other social sciences can contribute much to answering these first two questions, but our main focus will be on the third.

Where Cuba is today -- its current social and politico-economic situation-- is well known. Fifty years of failed economic policies and social engineering have left the country in a comprehensive state of social, moral, and economic disarray. The constant bombardment of Marxist-Leninist doctrine has taken its toll. Isolated from the world and with a single party system Cubans today do not have a widespread sense of democratic culture in the sense of a modern pluralistic society.

We will stipulate as to the second question that democracy and a market-based economy are the answers to the “where should it aim to be” question. It is essential to have an unambiguous and precise vision of the final objective to be accomplished in order to evaluate the possible paths to that objective. By stipulating that Cuba’s “to go place” is to join free, democratic nations with a market-based economy we are in effect requiring all constituencies to formulate and support only policies that can be reasonably expected to advance these goals. Conversely, embracing these end-states excludes policy choices that can not be expected to lead the country to the specified goal of a free, democratic, market-based system.

To illustrate, let’s consider for example an alternative policy goal such as: Improving Cuba’s economy and the material well-being of its population. In and of itself this is a laudable objective that reasonable well-meaning constituencies may very well

choose to embrace. If this “to go place” is chosen, then policies such as the U.S. economic embargo become anachronistic and counter productive. Even though the failed economic policies of the Cuban government, and not the U.S. economic embargo, are the root cause of Cuba’s economic misery, lifting the embargo would help somewhat the country’s economy. It would also, of course, provide additional financial resources to Cuba’s government, but this becomes irrelevant if the goal is defined simply as to improve a bit Cuba’s economy and the material well-being of its population.

By definitional fiat this essay views improvements in the economic realm as an absolutely necessary, but insufficient condition. That is to say, a free, democratic, market-based Cuba is the guiding principle for this “How to think about...” approach. The choice of defining policies objectives narrowly--only in terms of improving Cuba’s economy-- or, as stipulated here, in broader terms of promoting a free, democratic Cuba is clearly a subjective normative question. The relative merits of these differing objectives are only tangentially contemplated in this work. It should also be emphasized that, this objection to defining Cuba’s objectives only in economic terms is not a callous and insensitive choice made from the comforts of a plentiful life outside Cuba. It is a proposition based on the expectations of freedom loving peoples everywhere.

This essay will consider first the, “Economic Reforms will Lead to Democracy” thesis. It will then introduce an opposing logical construct of, “Freedom as a Necessary Condition for Genuine Reforms.” Speculations will follow regarding the most likely outcome of insular economic reforms without political rights and civil liberties. It concludes with some policy options consistent with the fundamental premises of both approaches.

### The “Economic Reforms will Lead to Democracy” Thesis

An independent but related potential goal is one in which improving Cuba’s economy and the material well-being of its population is offered not as an end in itself, but as a step in a process that will eventually lead to a free, democratic Cuba. But do we have empirical knowledge to support this view, or is this simply a belief? For something to count as knowledge it must actually be true. The hypothesis that economic improvement *ex ante* democratic reforms is a legitimate path to freedom may contain a logical fallacy of the chicken-and-egg variety inverting cause and effect relationships.

Intuitively, the thesis that an improved economy would lead to the ultimate goal of a democratic state appears to contain a reasonable expectation. In fact, it can be said to be theoretically grounded in Maslovian thinking.<sup>1</sup> According to Abraham Maslow as we satisfy our most basic physiological and safety needs we seek to satisfy other higher level needs. Thus, or so the argument goes, once the Cuban population begins to improve its pecuniary standard of living they will demand additional economic changes leading to a demand for political changes and the satisfaction of higher level needs in hierarchical fashion towards “self actualization” in Maslow’s terminology.

It should be noted, however, that some researchers have found little evidence for the hierarchical structure of needs proposed by Maslow. Others note that fundamental

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<sup>1</sup> Abraham Harold Maslow (April 1, 1908 – June 8, 1970), American psychologist. He is noted for his conceptualization of a "hierarchy of human needs," and is considered the father of humanistic psychology.

<sup>2</sup> For example, in their extensive review of research that is dependent on Maslow's theory, Wahba and Bridgewell found little evidence for the ranking of needs that Maslow described or even for the existence of a definite hierarchy at all. Wahba, A; Bridgewell, L (1976). "Maslow reconsidered: A review of research on the need hierarchy theory". *Organizational Behavior and Human Performance* (15): 212-240.

human needs are non-hierarchical and are ontologically universal. That is, needs are invariant in nature and simply a condition of being human.<sup>2</sup>

We can retain a residual curiosity about this topic, but the core principle of this variant is that changes in the economic sphere will lead to changes in the political one. The policy prescription derived from this is that all constituencies should support economic changes in Cuba even in the absence of political ones since those are sure to follow.

Supporters of this view often point to China and Vietnam as two countries that have embraced, albeit selectively, a market economy. It is noted that these countries have shown remarkable economic growth and that their peoples are measurably wealthier. In this sense they are correct. But the argument begins to falter when we look for the expected and anticipated political changes in the direction of democracy. After decades of market reforms these countries are far from democratic. Arguably, democracy may still follow, but it is now legitimate to ask: When? And what empirical support is offered for this claim?

In contrast to China and Vietnam, as will be shown below, other former communist countries followed a different course and are today both more prosperous and democratic. The Czech Republic and Estonia, for example, introduced political rights and civil liberties from the very beginning. Why then should Cuba settle for the unproven path of insular economic reforms without reference to experience hoping against the evidence that such reforms will lead to democracy at a much later date? What case can be made to delay democracy in Cuba if the evidence shows that the most successful transitioning countries have embraced democracy first or simultaneously with economic

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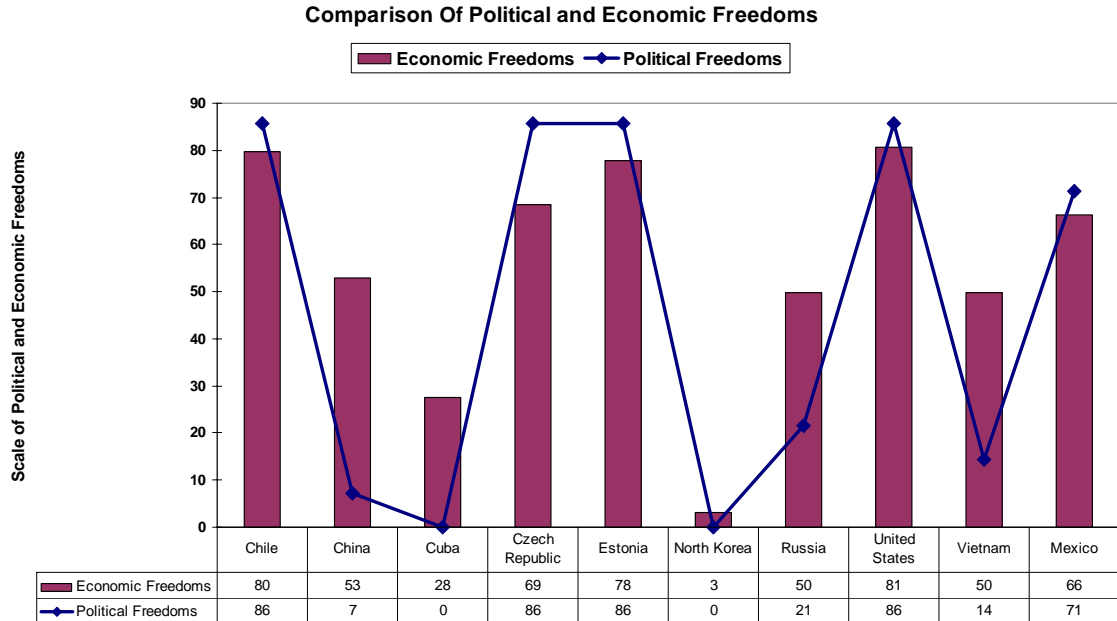
reforms? Before proceeding, let's briefly review the empirical evidence of these alternative paths to support the statements just made and the questions raised.

In order to provide a comparative snapshot of the relationship between political and economic freedoms the graph below plots these variables for some representative countries that are often discussed as distinct transition models. The bars from the horizontal axis measure current economic freedoms in each country. The corresponding line indicates the level of political freedoms in each country.<sup>3</sup> It is interesting to note that in former socialist countries that have experienced real transitions such as the Czech Republic and Estonia, political freedoms plot higher than economic freedoms. On the other hand, countries that have introduced economic reforms without concurrent political reforms such as China and Vietnam show a persistent lag of political freedoms decades after the initiation of economic reforms. For Cuba and North Korea the index of political freedoms is zero and both countries also map the lowest in economic freedoms.

Although a static snapshot in time, this comparison suggests that the most hospitable environment for a genuine transition is one in which political freedoms are introduced hand-in-hand with economic reforms. The graph also shows that political freedoms do not follow inexorably -or on a timely fashion- the introduction of economic freedoms as demonstrated by the China and Vietnam indicators.

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<sup>3</sup> Author's methodological note: This graph was constructed using the "2008 Index of Economic Freedom" from the Wall Street Journal and the Heritage Foundation and the "Freedom in the World 2007 Index" produced by Freedomhouse.org. The 1 to 7 scale of the Freedom House index was manipulated for comparability with the 1 to 100 scale of the economic index.



Let us further test the hypothesis that economic reforms lead to political freedoms by taking a detailed timeline look at some representative countries in terms of political rights and civil liberties over a thirty four year time period.

The four graphs below show measures of Political Rights and Civil Liberties that have been compiled yearly since 1972 by Freedom House in their “Freedom in the World” series of country ratings.<sup>4</sup> The sub-categories for Political Rights include a.) Electoral processes, b.) Political pluralism and participation and, c.) Functioning of government.

For Civil Liberties, the sub-categories measure: a.) Freedom of expression and belief, b.) Association and organizational rights, c.) Rule of law, and d.) Personal autonomy and individual rights. Political Rights and Civil Liberties are measured on a

<sup>4</sup> The ratings can be found at: <http://www.freedomhouse.org/template.cfm?page=1>

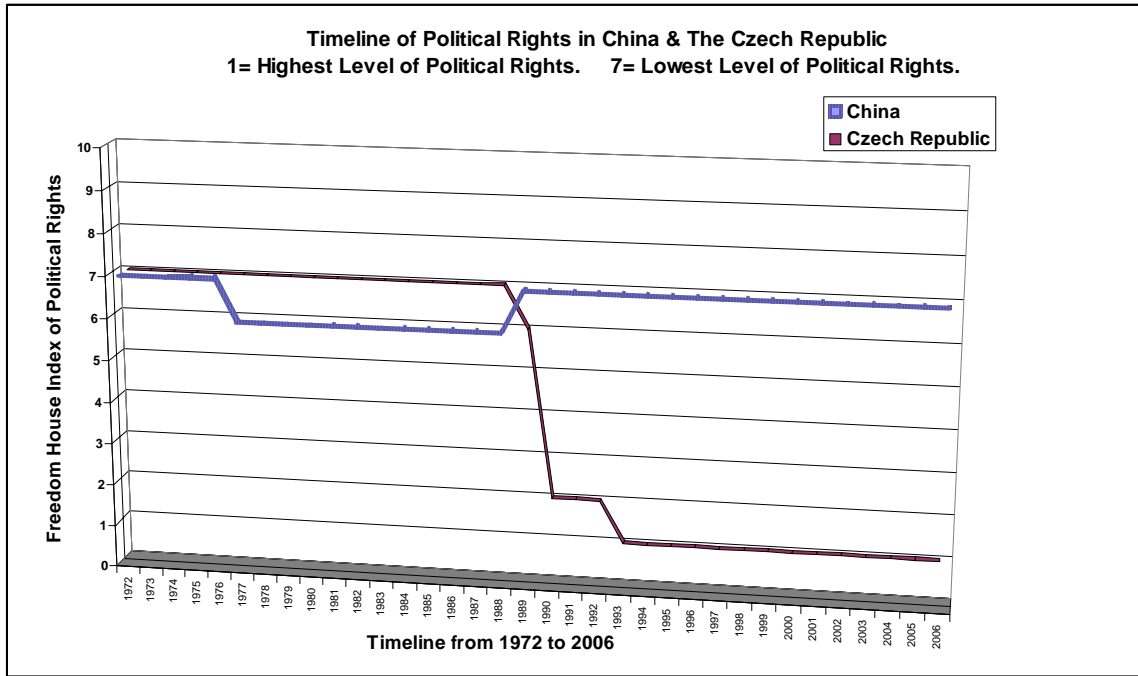
one-to-seven scale, with one representing the highest degrees of freedom and seven the lowest.

The first graph compares Political Rights in China and the Czech Republic from 1972 to 2006. The data clearly show no improvement in political rights in China in the thirty four year time period. China rated a seven (worst) in 1972 and still rates at that level thirty four years later. Notwithstanding all the economic changes that have taken place over this time period, they have not resulted in any improvement in political rights. In contrast, Czechoslovakia<sup>5</sup> embraced political rights decisively in its 1989 Velvet Revolution. By 1993 the new Czech Republic had transitioned from a seven (worst) to a one (best). Just as revealing is the fact that by 2006 according to the World Bank, the country became the first former member of the Council for Mutual Economic Assistance (COMECON) to achieve developed country status. Compared to the former COMECON countries, the Czech Republic also rates best in the Human Development Index.<sup>6</sup>

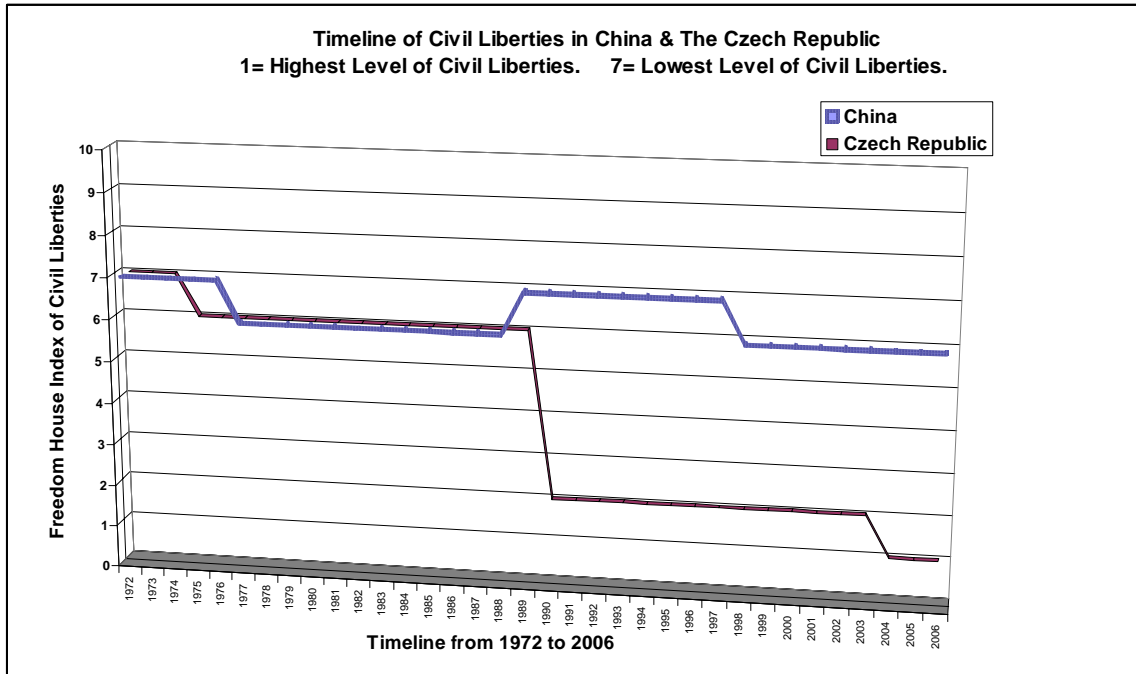
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<sup>5</sup> The Freedom House Index used prior to 1989 is that of the former Czechoslovakia.

<sup>6</sup> The **Human Development Index (HDI)** is an index combining normalized measures of life expectancy, literacy, education, and GDP per capita for countries worldwide. It is claimed a standard means of measuring human development, a concept that, according to the United Nations Development Program (UNDP) refers to the process of widening the options of persons, giving them greater opportunities for education, health care, income, employment, etc.



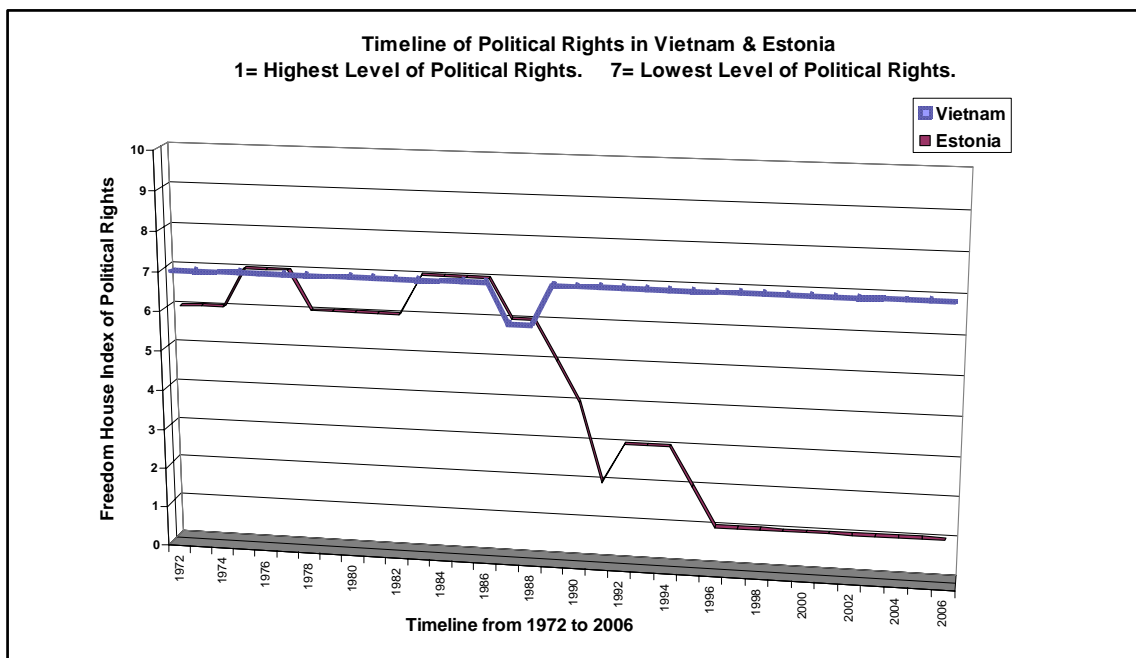
An almost identical picture is shown in the second graph with respect to Civil Liberties in China and the Czech Republic from 1972 to 2006. China shows a zigzag pattern illustrating the reversibility of even the most minor improvements in civil liberties. In the end, China’s best ever level of 6 ½ first recorded in 1977, is the same twenty nine years later in 2006. In contrast once again, the Czech Republic moved resolutely in 1989 to assure the civil liberties of its population and is currently at the highest level of one.



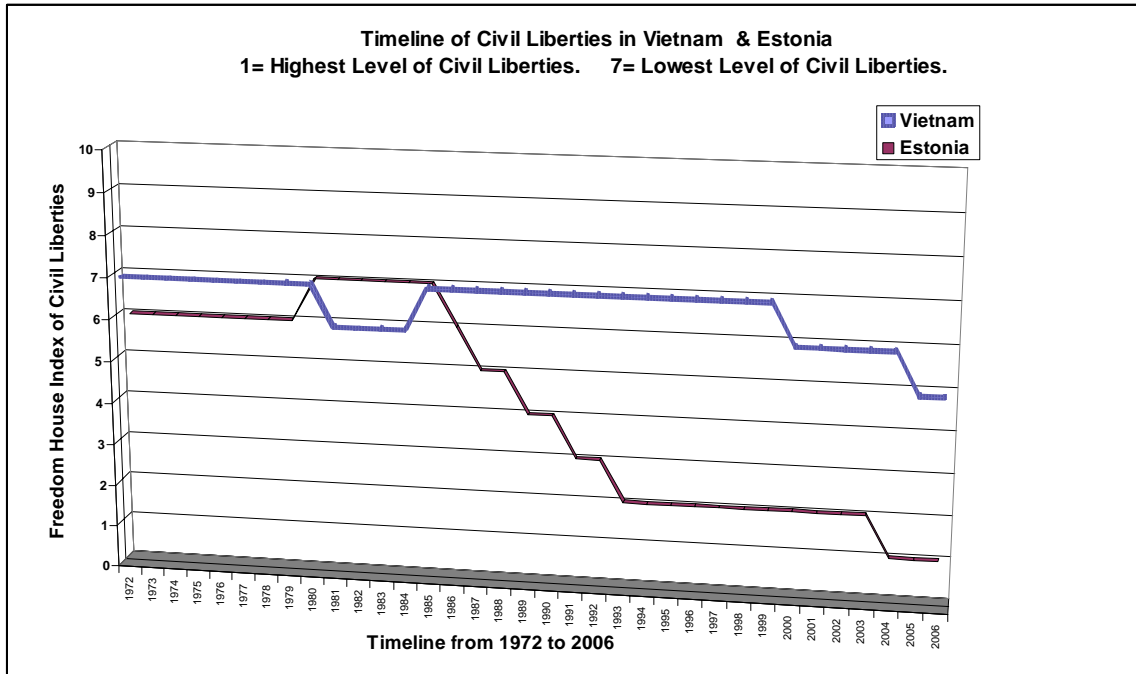
The following two graphs offer the same timeline analysis of political rights and civil liberties for Vietnam and Estonia. Vietnam, as China, represents economic changes without political reforms and Estonia a path similar to that of the Czech Republic. The end results are essentially the same as the China and the Czech Republic comparison, *mutatis mutandis*. Vietnam shows no improvement whatsoever in political rights and only a very recent and minor improvement in civil liberties. It is also important to note the governments' readiness to reverse course at will in both the China and Vietnam cases. Authoritarian behavior patterns have a history of reassessing themselves. Cuba has demonstrated this by reversing reforms in the past.<sup>7</sup>

<sup>7</sup> Cuba enacted limited economic reforms in the early 1990's. The reforms were later rescinded by Fidel Castro.

On the other hand since regaining its independence in 1991, Estonia moved quickly with hand-in-hand structural economic and political reforms.<sup>8</sup> As shown by the graphs, Estonia currently scores a one or best level in both political rights and civil liberties. Similarly, Estonia's market reforms place it among the economic leaders of the former COMECON countries. Today the country is recognized for its economic freedom with a balanced budget, almost non-existent public debt, flat-rate income tax, free trade regime, fully convertible currency, hospitable environment for foreign investment, and the like.



<sup>8</sup> The Freedom House Index used prior to 1991 is that of the former Soviet Union.



As these examples highlight, no empirical case can be made in support of the hypothesis that economic reforms lead inexorably, linearly, or on a timely basis to political reforms. The China and Vietnam examples suggest that they do not, while the Czech and Estonian experiences indicate that structural political reforms *pari passu* with economic reforms produce the best results.

Even so, the empirical evidence alone does not allow the conclusion that economic changes will never lead to political reforms in Cuba. As philosophers and logicians will be quick to point out, the rules of formal argumentation state that failure to uncover tenable reasons for affirming that economic changes lead to political reforms does not mean that the hypothesis is disproved. Failure to find such evidence concerns only the reasonableness of such belief. Theoretically, a hard-to-predict, and rare event

beyond the realm of normal expectations could occur – a black swan event where a perceived impossibility may actually come to pass.<sup>9</sup>

Nonetheless, as noted in the opening paragraphs, the distinction between knowledge and belief must be made in order to avoid the illicit step of inference that economic changes produce political reforms. The hypothesis, as will be argued below, contains *a non sequitur* logical fallacy requiring more than is attainable from insular economic changes alone.

### **The “Freedom as a Necessary Condition” Logical Construct**

Having epistemologically repositioned the “economic reforms lead to democracy” thesis to the level of an unsubstantiated belief or superstition, this essay will now advance its own key logical construct that:

*Political rights and civil liberties are not superfluous luxuries to be appended to a program of economic reforms. Political rights and civil liberties are the very essence of progress that allow an empowered citizenry to correct mistakes, voice discontent, and bring about changes in leadership.*

The first consideration is a direct and practical one. The reconstruction of Cuba and its social, political, and physical infrastructures will require massive and sustained aid from the United States, other developed countries, and from international institutions. It will also require high levels of foreign direct investments (FDI). This investment and aid will not be forthcoming unless Cuba embraces comprehensive structural political and economic reforms conducive to rational economic calculus by the business and

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<sup>9</sup> Wikipedia defines the term *black swan* from the ancient Western conception that 'All swans are white.' In that context, a black swan was a metaphor for something that could not exist. The 17th Century discovery of black swans in Australia metamorphosed the term to connote that the perceived impossibility actually came to pass. [http://en.wikipedia.org/wiki/Black\\_swan\\_theory](http://en.wikipedia.org/wiki/Black_swan_theory).

international communities. Palliative minimalist economic changes will not create the conditions necessary for significant aid and investment.

But suppose that the U. S. government and the other constituencies - Cubans in the island and in exile, and the international community - are persuaded that economic changes per se represent an opening that should be rewarded in some fashion. A case in point is the argument that, in the case of Cuba, a very gradual approach to changes is called for in order to avoid the possible chaos resulting from more comprehensive and rapid changes.

Cuba's abysmal set of initial sociopolitical and economic conditions is such that the introduction of comprehensive massive changes could result in a failed state. Some may be tempted to dismiss this concern by noting that by some parameters (e.g. the pervasive informal economy, reluctance to participate in formal employment, etc.) Cuba is already a failed state. But technically Cuba is not a failed state.<sup>10</sup> It is a stable closed state still able to implement and enforce government policy, albeit not uniformly particularly in economic matters. Therefore the gradualist argument deserves more serious considerations as it is always possible for conditions to get worse.

The main concern hinges on the precarious balance between openness in a society and stability in that society. It is certainly the case that economic reforms – particularly reforms to begin a transition from a command economy to a market economy – are destabilizing. Decollectivization and desocialization create enormous social dislocations. They require a repositioning of the role of the state and a new model of social

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<sup>10</sup> The Crisis States Research Centre defines a “failed state” as a condition of “state collapse” – e.g. a state that can no longer perform its basic security and development functions and that has no effective control over its territory and borders. A failed state is one that can no longer reproduce the conditions for its own existence.

relationships between the state and its people. Whatever the specific strategies selected they will demand many difficult choices.

As Ian Bremmer points out in “The J Curve,” “for a country that is “stable because it’s closed” to become a country that is “stable because it is open” it must go through a transitional period of dangerous instability.” These are thoughtful security considerations that must be weighted by policymakers. Unfortunately Cuba’s present politico-economic system can not be the starting point for a serious development and reconstruction process. The country’s existing bureaucratic, institutional, and organizational framework is not conducive to the creation of a new state.

It is precisely to contain instability, if it can be contained at all, that the hard choices must be left in the hands of the Cuban people in a process of democratic participation. The social dislocations brought about by decollectivization and desocialization policies must be supported by a citizenry that has confidence in the legitimacy of a system of independent institutions. Democracy allows for the legitimate and constructive expression of discontent. By definition, citizen participation is non-existing when politico-economic decisions are made without transparency by a cabal of mandarins. In other words if instability is to be minimized, democratic freedoms and citizenry participation are essential. If, as Brenner suggests, instability is inevitable, then the idea of waiving democracy for the sake of stability is a false choice. Putting off democratic reforms from immediate consideration only postpones the inevitable. If instability is the concern, a democratic platform for reforms offers a much more positive and acceptable outlet for social frustrations than an authoritarian platform.

In this context we can revisit the experiences of China, Vietnam, Estonia, and the Czech Republic. In the cases of China and Vietnam we can expect, in the years to come, either serious political instability or a continuation of totalitarianism. In contrast, Estonia and the Czech Republic are now not only prosperous but also open and stable. Instability was minimized not by withholding freedom, but by engaging the citizenry from the very beginning in the process of change.

It was noted earlier that Cuba's existing bureaucratic, institutional, and organizational framework is not favorable for comprehensive structural reforms. The institutions and mindset required to run Cuba's command economy are not the ones that can facilitate transition to a market economy. This is simply a functional, mechanical assessment. There is however a more individualistic reason for obstructionism by Cuba's political leadership. If Cuba engages in an authentic democratization process, the current leadership will lose its position and power. In all probability, lustration<sup>11</sup> laws will be part of any comprehensive reform process. Raúl Castro and his generals will not be in a hurry to take up political reforms that will leave them out of power. In short, Cuba cannot get to democracy and free markets by a glacial organic Darwinian evolutionary process that begins with insular economic changes and evolves to political rights and civil liberties. To extend the biological metaphor, a process of coordinated political and economic saltation will be required.

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<sup>11</sup> In the period after the fall of the various European Communist states in 1989 – 1991, the term came to refer to the policy of limiting the participation of former communists, and especially informants of the communist secret police, in the successor governments or even in civil service positions. In modern times, lustration has borrowed the meaning "to purify" from the Latin historical sense and has applied it to the procedure in which a country will go through in order to deal with past human rights abuses or injustices that have occurred. (Wikipedia)

### **Economic Changes Sans Democracy. Where do they lead?**

Given that economic reforms are necessary but insufficient for the development of the Cuban state, where do such reforms lead without an instability moderating democratic framework? I have argued elsewhere,<sup>12</sup> but it may be worth restating here, that economic reforms in the absence of democratic reforms need not lead inexorably, linearly, or in a timely basis to democracy. In fact their most likely outcome may be not democracy but a more sinister one.

The Cuban leadership hopes to use economic reforms to finance its totalitarian politics. It is a fair guess that Raúl Castro and his generals believe that if his government delivers even marginal prosperity, the Cuban people will allow his ruling elite to control Cuban political life. Cuba's current leadership holds to the belief that demand for political change can be controlled or suppressed if necessary.<sup>13</sup>

Some have argued that by increasing popular expectations with limited reforms, Raúl Castro is taking significant risks and events could get out of control resulting in popular unrest and instability. Even if this turns out to be the case, it does not mean however that unrest will lead mechanically or inevitably to democratic reforms. If faced with this situation the Cuban government, as it has done before, could take a number of actions from repression to encouraging or allowing a mass exodus.

Alternatively, expectations could grow that under Raúl Castro the revolution can finally deliver on its promises to the people. It is an open question whether rising expectations will lead to an active civil society forcefully demanding freedom, or simply a prolonged taciturn wait and see attitude. The thesis that rising expectations will lead to

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<sup>12</sup> José Azel, "After Raúl, qué? *Cuba Focus*, Institute for Cuban and Cuban-American Studies, Issue 94, March 17, 2008.

<sup>13</sup> Ian Bremmer makes these same points in the context of China in Chapter six of "the J Curve."

increasing demands for democracy may also contain a logical flaw. To some degree it necessarily rests on a premise that Cubans at large recognize the participatory role of civil society in a democratic environment and will demand such a role. This premise has not been demonstrated and thus the thesis can not be presented as an Aristotelian syllogism with a major premise, a minor premise and a conclusion. As noted earlier, the constant bombardment of Marxist-Leninist doctrine has taken its toll. Isolated from the world and with a single party system Cubans today do not have a widespread sense of democratic culture in the sense of a modern pluralistic society.

The point is that Cubans have been conditioned to expect change from above. Change from below is somewhat remote from the thinking of most Cubans. As things now stand, without openness and democratic points of reference, the Cuban population without experiential or even vicarious opportunities for comparison may simply accept a marginally improved standard of living and wait for more from the current regime.

If Raúl Castro succeeds in managing events without being forced to introduce structural political reforms, Cuban communism will in time transition into a more or less classical military dictatorship, a triumvirate, or some other “first among equals” governing approach. If political rights and civil liberties are not governing economic reforms, the best case scenario may be a very low quality democracy (if it can be called that) similar to the Russian or Nicaraguan experience.

The Russian interregnum experience offers interesting parallels that should be kept in mind when thinking about change in Cuba. Clearly, given Raúl Castro’s age and possible health problems there will be another succession in the not too distant future. And this next succession may not go as smoothly as the one from Fidel to Raúl. Raúl

Castro's perfunctory successor, Jose Ramon Machado Ventura, is 77 years old and not obligatorily seen as the next Cuban leader in the same way that Fidel had anointed his younger brother as his successor. In the Soviet Union, following Leonid Brezhnev's death in 1982, his successor Yuri Andropov, who was 78 years old, died two years later. He was, in turn, succeeded by the also elderly Constantin Chernenko who died a year after and was succeeded by Mikhail Gorbachev.

Raúl Castro has been in charge of the armed forces for nearly fifty years and has had the opportunity, over all those years, to appoint his military officers to any number of positions in government and industry. His most recent appointments of Machado Ventura, Casas Regueiro and others are illustrative. Accordingly, the next succession scenario will have a strong military flavor and will include his loyalists in the military and the communist party.

Currently the role of the Cuban military in the economy is extensive and pervasive with the military managerial elite controlling, by some estimates, over sixty percent of the economy. The breath and depth of this military control of the country's key economic sectors is astonishing. GAESA, the holding company for the Cuban Defense Ministry, is involved in all key sectors of the economy. Enterprises with innocuous sounding names such as TRD Caribe S.A., Gaviota, S.A., and Aerogaviota are all part of the vast economic involvement of Cuba's *Fuerzas Armadas Revolucionarias (FAR)*. There is every reason to expect that Raúl Castro will continue to promote the involvement and monopolistic control of his armed forces in the economy as he has since the late 1980's and the collapse of the Soviet Union.

If we postulate that Raúl Castro, as a matter of survival not ideology, is likely to introduce some tentative economic reforms, we need to note the corollary that he will simultaneously continue to expand the metamorphosis of his officers into businessmen. Arguably this can be viewed as a positive development where warriors turn in their weapons for calculators. But we need to look into our crystal ball for what happens next, when the Raúl era comes to an end leaving FAR officers in political control as well as in control of all key sectors of the economy.

In a system where enterprises are state owned and managed, the military officers turned business executives enjoy the privileges of an elite ruling class. Their standard of living is higher, they move into better homes, and the like. But these benefits are miniscule when compared with the opportunities to gain significant wealth via a position of equity ownership in the enterprises under their managerial control. It will not take long for the military elite to realize that managing government owned enterprises, as they have done under Cuban communism, offers only limited benefits - owning the enterprises is a far more rewarding and lucrative option.

Once the Castro brothers are no longer in the picture, the military elite will be highly motivated to lead the way towards a privatization of the economy. Specifically the military officers will have every incentive to champion a manipulated privatization of the industries under their managerial control in order to monetize their managerial positions. Alas, this illegitimate and corrupt mockery of a privatization process will end up with the military managing team as the new ownership team initially controlling the cash flows and eventually creating the market conditions to monetize their equity position.

A “liberalization” of the Cuban economy following its current militarization, if not conducted in a transparent democratic environment, is likely to make the military elite into instant millionaires as the new Cuban “captains of industry.” In another possible parallel to the Russian experience, only sixteen years after the collapse of the Soviet Union, we learn that: “Russia with 87 billionaires is the new number two country behind the U.S., easily overtaking Germany, with 59 billionaires...”<sup>14</sup> Either Russian businessmen possess the most extraordinary entrepreneurial skills in world history, or their ascendancy in wealth accumulation has a suspect origin.

By and large, the politically exhausted and by now apathetic Cuban population will not view these ownership changes as particularly undesirable or nefarious. They may even view them as a positive transition towards free markets and prosperity. The international community will also acclaim the generals as agents of change bringing a market economy to Cuba. Indeed, in this disheartening end game scenario Cuban communism will have come to an end, leaving the generals and their heirs as the *nouveau riche* devoid of a democratic culture.

Putative economic reforms conducted in a corrupt military controlled environment without hand-in-hand political reforms will lead only to a transfer of wealth from the state to the ruling military/party elite. In short, they will lead to a government focused on extending the personal wealth of the mandarins at the expense of the population or what political scientists label as a kleptocracy. Even if we posit that

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<sup>14</sup> Luisa Kroll, “The World’s Billionaires 2008,” *Forbes.com*, March 5, 2008, [http://www.forbes.com/lists/2008/03/05/richest-people-billionaires-billionaires08-cx\\_lk\\_0305billie\\_land.html](http://www.forbes.com/lists/2008/03/05/richest-people-billionaires-billionaires08-cx_lk_0305billie_land.html).

democracy will ultimately follow an economic opening, we need to heed the admonishment that, democracy delayed is democracy denied.<sup>15</sup>

### **The Pareto Optimal Argument**

In economics and game theory, a Pareto improvement refers to actions where some individuals can be made better off without making any other individuals worse off. Pareto optimal implies that no further improvements can be made. In the context of change in Cuba, the argument is occasionally advanced that the constituencies ought to embrace insular economic changes as the best that can be extracted or expected at this time. Presumably, there is no sense in demanding more from the regime than what it is willing to provide and at least some Cubans will improve their standard of living – a “something is better than nothing” argument.

In its more thoughtful variations, the Pareto optimal argument is not offered as an end game strategy. It is offered as a tactical step where economic reforms will serve to prepare the country for stable political reforms. Political rights and civil liberties seem to be viewed as desirable, but as something that can be rescheduled for later - a Faustian bargain of sorts. Besides all the obvious moral objections that could be raised against this normative “ought to” approach, it still relies on the highly questionable “economic reforms will lead to democracy” thesis. Accepting, in the Kantian tradition, that a prescriptive statement can be rationally discussed and defended, it is left for others to justify the Pareto optimal assessment of the Cuban situation.

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<sup>15</sup> This is a rewording of former British Prime Minister William E. Gladstone’s famous “Justice delayed is justice denied.”

## Harmonizing Conflicting Goals

After five decades of isolation, the Cuban people can sincerely ask: What does democracy look like? A democratic state cannot be built in a vacuum. That is, in isolation and without reference to anything else. For a genuine transition in Cuba, openness to the world and to the world of ideas is essential. For policymakers and opinion leaders in the various constituencies this represents a policy dilemma. How to promote openness and a civil society without bolstering the regime?

On the one hand, most would agree that totalitarian regimes should not be supported or encouraged. On the other, openness and through it, development of a democratic culture is vital. As we have seen throughout the world, “It’s one thing to build a new parliament building. It’s quite another to populate the building with legislators dedicated to pluralist governance.”<sup>16</sup> Similarly, in his 1902 inauguration as Cuba’s first president, Don Tomás Estrada Palma, is said to have noted “we finally have a republic, now we need citizens.”<sup>17</sup> The reconstruction of Cuba begins with the reconstruction of its civil society and a democratic culture.

It is from this perspective of the need for openness to the world and to the world of ideas that U.S. travel restrictions to Cuba are increasingly criticized. For present purposes, the essential point to explore is whether abandoning U.S. travel restrictions would expose Cuba to the “American way of life” and help foment social pressures for further economic reforms and political liberalization.

With respect to travel to Cuba by American tourists the argument is not convincing. For years, hundreds of thousand of tourists from Canada, Europe, Latin

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<sup>16</sup> Ian Bremmer, “The J Curve” p. 15.

<sup>17</sup> As quoted by Orlando Gutiérrez-Boronat in “La República Invisible” p.123.

America, and elsewhere have visited the island. Cuba is no more democratic today. It is not clear on what basis the argument posits that American tourists will succeed when other tourists have not. For the most part tourists visiting Cuba stay within tourist enclaves isolated from the general population and travel only in controlled excursions. Their exposure to Cubans is mostly limited to workers in the hospitality industry. Most tourists are not fluent in Spanish and may only tangentially be able (or willing) to communicate the virtues of a free society.<sup>18</sup>

A more persuasive case can be made for visits by the Cuban-American community. Cuban-American visitors will mingle with the population at large, will travel to hometowns across the island and will be able to communicate their experiences living in freedom. For the transmission of democratic ideas, visits by Cuban-Americans would be far more effective than those of American tourists. In either case, lifting the travel ban will deliver hard currency revenues to the Cuban government and will bolster the regime, thus the dilemma.

But once again, the conclusion that tourism will help bring democracy to Cuba can not be syllogistically established. Many countries such as Saudi Arabia have well-traveled, highly sophisticated, well-educated, cosmopolitan elites without this resulting in political reforms in the country. But there is another reason why the thesis that learning about the “American way of life” will foment social pressures for further economic reforms and political liberalization may not be as applicable to Cuba as we tend to think.

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<sup>18</sup> For a more comprehensive discussion on this topic see Professor Jaime Suchlicki’s testimony on “Implications of Lifting the U.S. Embargo and Travel Ban of Cuba” at the U.S. Senate Finance Committee, Washington, D.C., December 11, 2007. Available at: [http://ctp.iccas.miami.edu/website\\_documents/SenateTestimony.pdf](http://ctp.iccas.miami.edu/website_documents/SenateTestimony.pdf)

Learning about opportunities in democratic, free-market societies may instead increase the desire to leave the country in search for a better life abroad. Indeed, the 1979-80 visits by Cuban exiles were instead a catalyst for the Mariel exodus in 1980. As it is often the case in the analysis of international situations, the analyst is handicapped by ethnocentricity. Seeking to understand in one cultural milieu stimuli arising in another is always a perilous analytical endeavor.

This preference for leaving the country is vividly captured in a statement by a recent arrival: “We have been trying to build socialism for forty years and failed miserably. I am not going to stay around to try to build capitalism for another forty years. I want to live in a ready-made society.”<sup>19</sup>

Intellectually we can grant the “openness value” of visits to Cuba by Cuban exiles in terms of its show-and-tell, and word of mouth testimony for democracy and a market economy without concluding that it will lead to political reforms. Still, openness is vital and there are other methods to expose Cubans to the world and to the world of ideas. Access to the internet is perhaps the most important.<sup>20</sup> Universal and ready internet access to the World Wide Web by Cubans in the island would be a very significant and useful way to bring about the necessary openness to the world of ideas and to help develop the conceptual sophistication necessary for a successful transition. Moreover, for the most part, it would not be a significant source of hard currency for the regime.

The idea of universal and unimpeded internet access to the World Wide Web by Cubans in the island is perfectly consistent with the underlying premises of the position

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<sup>19</sup> Statement to Hans de Salas-del Valle during interview with a group of recent Cuban immigrants.

<sup>20</sup> Currently Cuba has one of the lowest levels of internet connectivity in the world. Only about 190,000 Cubans (mostly government officials) out of a population of over eleven million have access to the internet - 1.7 percent

that lifting the travel restrictions for Cuban-Americans would be helpful to bring democracy to Cuba. Cuba's lifting of its internet ban would be far more influential and much broader in scope. With this in mind, the constituencies could think in terms of responding to a lifting of the internet ban in Cuba with a relaxation of the travel restrictions for Cuban-Americans.

Rethinking a strategy is not equivalent to throwing in the towel.<sup>21</sup> Legitimate change in Cuba rests, and must originate with Cubans living in the island. For them, unrestricted internet access to the World Wide Web would truly represent an opportunity to learn about the world at large and the authentic paths to democracy and a free market economy. The other constituencies – the U. S. government, Cubans in exile, and the international community – should settle for nothing less if the goal is, as stipulated in this work, to facilitate a true transition in that suffering nation.

### **The End-Game of Cuban Communism**

Two points introduced without elaboration in my “After Raúl qué?” article need further development. In that work it was postulated that Raúl Castro's tentative economic reforms were motivated not by a change in ideology, but by a desire for regime survival. It was also argued that the end of Cuban communism could come as a pyrrhic victory leaving in place a leadership devoid of a democratic culture.

Although not explicitly stated it is usually assumed that the end of Cuban communism implies the beginning of a new democratic era in Cuba. Unfortunately this is not necessarily the case. Cuba's nomenklatura does not subscribe to the notion that there is an inherent human right to political liberty and to self-government. Over the years

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<sup>21</sup> I owe this line to my former professor Dr. Enrique Baloyra, R.I.P.

Cuba's Leninists leaders have successfully developed the ideological and organizational instruments to retain power. In classical fashion, their concern is focused on stability and efficacy. To them democracy appears patently inexpedient.

When thinking about change in Cuba it is essential to keep in mind that Cuba's history for the last half century is that of the Castro brothers and their ideas. Their political ideology has served them well. Raúl Castro and his inner circle are not closet democrats waiting for an opportune moment to express their long-suppressed Jeffersonian ideals. Raúl Castro seeks to revitalize the Cuban economy and pacify the population through stricter discipline and minor economic experiments. But Cuban communism can not be reformed to bring about a transition with democratically acceptable results. The positive evidentiary experiences of the former Soviet bloc countries that have successfully transitioned and the negative experiences of those that have failed attest to this reality. The urgent need is for profound and coordinated political and economic reforms. Without such structural reforms the default end-game state for Cuban communism is not democracy.

It is not sufficient to introduce some market features in a command economy system. A new intellectual paradigm is needed. And that new democratic paradigm will not be forthcoming from Raúl Castro and his lieutenants. Their governing modality is ontologically inseparable from Cuba's current state of affairs. In a symbiotic relationship, authoritarianism benefits a corrupt oligarchy and that oligarchy in turn favors the continuation of corrupt authoritarianism.

Democracy is much more than a constitutional form of government. The effective operation of a genuinely democratic government requires the establishment of a

democratic society in which individuals are free to pursue the spiritual and physical goods that enrich a decent human life. Democracy requires a relationship model between the state and its citizens dramatically different from that familiar to the Leninist leadership. In short, democracy is, in and of itself, a good of the highest value. It is a supra ideological good, not an ornamental one. Democracy will fail when there is no appreciation for its decisive role or a clear intent to build a democratic government and society. In other words, “*No le pidas peras al olmo*” (Do not ask pears of the elm).<sup>22</sup>

Therefore, if Cuban communism is to end in a true transition to democracy and a market economy, it is up to the constituencies - Cubans everywhere, U.S. Government policymakers and the international community - not to be caught ideologically and intellectually empty handed.

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<sup>22</sup> I was recently reminded of this saying by Dr. Orlando Gutiérrez-Boronat who was kind enough to read and comment on this paper.

### About the Author

**José Azel** is currently a Senior Research Associate at the Institute for Cuban and Cuban-American Studies, University of Miami. He left Cuba in 1961 as a 13 year-old political exile in what has been dubbed Operation Pedro Pan – the largest unaccompanied child refugee movement in the history of the Western Hemisphere.

Dr. Azel was one of the founders of Pediatrix Medical Group, the nation's leading provider of pediatric specialty services and served as its first Chief Financial Officer. He co-founded and serves as Board Chairman of Children's Center for Development and Behavior, an organization dedicated to providing therapies for children with autism and other pervasive developmental disorders. Dr. Azel was an Adjunct Professor of International Business at the School of Business Administration, Department of Management, University of Miami. He holds undergraduate and masters degrees in business administration and a Ph.D. in International Affairs from the University of Miami. Dr. Azel has a comprehensive general management background integrating broad functional experience in corporate governance, organizational development and finance with interdisciplinary, scholarly research in international business studies.