CHARISMA AND *CONCIENCIA*

Castro Takes the Economy in Hand

MARIFELI PEREZ-STABLE

In August 1984 Silvia Marjorie Spence, a 42-year-old Jamaican-born woman who has lived in Santiago de Cuba since 1955, was fired from her job as chief accountant of a Santiago cement plant. Management charged that she had "acted on her own, mistrusted her superiors and voiced unsubstantiated gossip."

For two years, Spence had persistently questioned bookkeeping and payroll irregularities. Workers were being paid three times the national average wage; bonuses were being awarded without corresponding increases in productivity; and cement was being illegally bartered to a nearby agricultural enterprise for meat and vegetables.

Spence appealed her dismissal both to the Ministry of Construction and the Cuban Communist Party. The ministry's response was slow and unsympathetic, and in the end the Minister himself confirmed the firing. Local party officials were more receptive, but her case hit a dead end when it reached the provincial party committee, whose secretary in charge of construction-industry issues was a personal friend of the cement plant's director. Undaunted, Spence appealed to the party's national review board. In February 1985 it concluded that her dismissal was unwarranted and ordered her reinstatement and an audit of the plant. But twenty-one months passed before the board's directives were implemented. In November 1986 Spence was reinstated in her old job and awarded more than 7,000 pesos in back pay. That December 25 and 26, the official party newspaper, *Granma*, published a two-part exposé of Silvia Marjorie Spence's ordeal.

That outcome was in no small way attributable to a speech that Fidel Castro had delivered on April 19, 1986—the twenty-fifth anniversary of the Bay of Pigs—in which he lambasted corruption, negligence and profiteering. New mercenaries, Castro charged, were now threatening the revolution from within. Managers were looking out for the well-being of their own industries without considering the national interest; artists were selling their works to the state at exorbitant prices; and peasants were making hefty profits on the free market. A 1985 housing law allowing direct transactions between buyer and seller was abetting runaway speculation. The informal economy was buzzing with street vendors and jacks-of-all-trades. The revolution, Castro reminded his audience, was not about making a quick peso. "We do not want to launch a cultural revolution," he declared. "We do not want to solve our problems by extremist methods and hurl the masses against those responsible for these irritating deeds."

The modest private sector that had flourished since the 1970s had become intolerable. Some Cubans were pursuing their individual enrichment and the private economy was draining the state sector of increasingly scarce resources. Meanwhile, Cuba's open economy remained as vulnerable as ever. Its annual export earnings had in the recent past provided sufficient hard currency for imports of between $1.2 billion and $1.5 billion, but in 1986 those had been reduced to some $600 million. Today, real sugar prices on the world market have fallen to 1930s levels, and the value of petroleum exports (domestic savings from the crude oil that the Soviet Union supplies to Cuba) has declined by half. While the Cuban-Soviet relationship is stable, Soviet sugar price subsidies and oil supplies beyond the island's domestic needs are reportedly being reduced.

The U.S. embargo, tightened by the Reagan Administration, continues to impose a heavy burden on the Cuban economy. Since, for example, the U.S. market remains out of bounds for Cuba, the devaluation of the dollar has increased import costs from other Western suppliers. Were there no embargo, Cuba could purchase cheaper U.S. goods. Western banks are much less willing to make loans, and Cuba still has to reschedule payments on a substantial part of its $4 billion foreign debt. The United States, moreover, has pressured the island's Western creditors to exact considerably harsher repayment terms than those imposed on other Third World countries. Natural disasters—a hurricane in late 1985 and a severe drought throughout 1986—have taken their toll on agricultural output. All told, both ideological considerations and harsh economic realities are spurring a re-examination of the modest economic reforms of the past ten years.

During the 1960s the revolution sought to make its special mark on history by attempting the parallel construction of socialism and communism. If Cuba was to promote social justice, then the logic of the market had to be challenged. If Cuba was to harness mass enthusiasm and channel it into economic development, then a more responsive political system was needed. Or so the Cuban leadership reasoned as it contemplated the face of socialism in the Soviet Union and Eastern Europe.

By 1970 Cuba had eliminated nearly all private-sector activity. Accounting and planning controls over economic activity had been virtually discarded. High investment rates and poor economic performance had drastically curtailed consumption. And worker absenteeism soared as bare store shelves rendered money worthless. Moreover, a political system that depended on Castro's stature and prestige, and on popular élan and commitment, wore thin amid mounting austerity. The combination of highly centralized economic planning, moral incentives and charismatic leadership ground to a halt with the failure to achieve the goal of a 10-million-ton sugar harvest in 1970.

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In the 1970s Cuba embarked on the institutionalization of its revolution. In 1976 the economy acquired a blueprint for the first time, with the introduction of a management and planning system of relative decentralization and material incentives. At the same time, the Communist Party expanded its membership, mass organizations were strengthened, a socialist Constitution was promulgated and the institutions known as Popular Power were set in place, allowing a semblance of supervision over government facilities such as schools, supermarkets, cultural and sports centers, especially at the local level. Trade unions and the Federation of Cuban Women became active, albeit within the confines of vanguard party leadership. At least in principle, most Cubans had a set of rules to govern their daily lives at work and in their neighborhoods.

The management and planning system did not work miracles, but it did introduce a modicum of rationality into the economy, which began to register modest, if irregular, growth rates. The standard of living improved noticeably and daily life for the average Cuban became easier. Wages were linked to performance and the "parallel market" offered a greater variety of goods at higher prices than state stores did, as an incentive to productivity. The free market spurred peasants to increase their output and offered consumers fruit and vegetables, which had disappeared from the state market long ago. The government enacted wage and price reforms and allowed free contracting to encourage a more rational use of labor. Voluntary work was reduced. The 1960s were indeed receding.

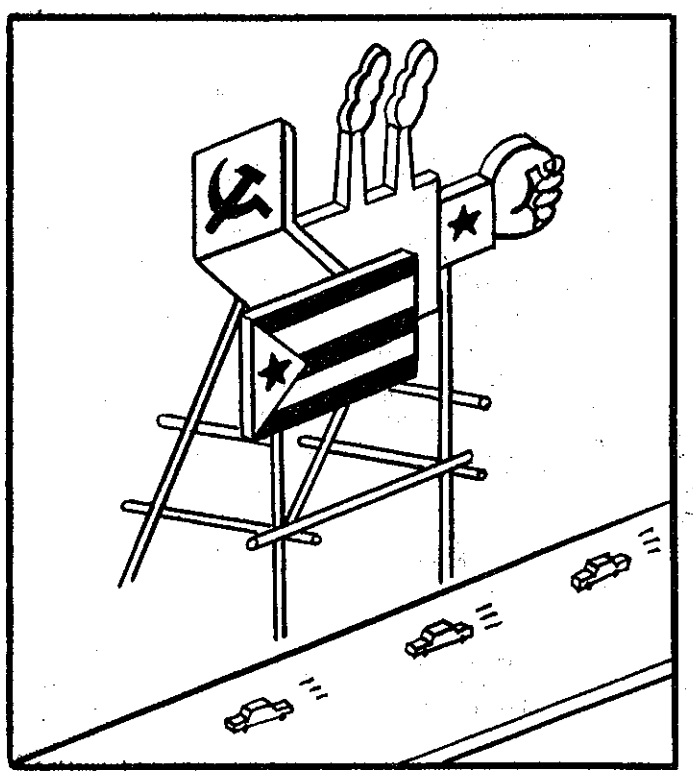
Yet, Cuba's efforts to decentralize and streamline its economy did not proceed smoothly. A trade-dependent economy facing a U.S. embargo could not guarantee the flow of much-needed hard currency. Decentralization was in part hindered by the irregular supply of raw materials needed to give enterprises greater autonomy over planning and production. Faced with the need to show a profit, many of them resorted to inflating prices. Even so, state subsidies rose substantially in 1985. Scarcity of resources and supply bottlenecks encouraged an ad hoc barter system among firms.

At the same time, there is no doubt that the central bureaucracy resisted the effort to loosen planning controls. The government never created a local development fund that could reinvest industry profits, for example, and the allocation of investment capital remained haphazard. Most important of all, perhaps, the top party leadership—particularly Castro—was ambivalent about the new planning system, which was introduced only in the aftermath of the 1970 sugar harvest fiasco. For Castro, socialism was not reducible to the smooth functioning of economic control mechanisms. Mass enthusiasm and *conciencia* ("social consciousness"), rather, were the forces behind Cuba's struggle for national independence and social justice, and Castro was their anchor. Though Castro nominally endorsed the reforms at the first two Communist Party congresses, in 1975 and 1980, he stopped short of giving them his personal political imprimatur. By the time the 1986 congress came around, Castro had taken the reins of the economy firmly back into his own hands.

In late 1984 the state Central Planning Board, JUCEPLAN, was partially divested of its powers in favor of a more broadly based Central Group, which includes government ministers and vice ministers, central committee department heads, leaders of the mass organizations and Popular Power representatives. The new body aims to institute truly global economic planning and is more directly under Castro's personal direction than was its predecessor. In December 1986, at its closing session, the party congress ratified a "strategic counteroffensive to rectify mistakes and negative tendencies," something Castro had repeatedly called for during the course of the year.

Underlying the counteroffensive is the old 1960s Cuban vision that socialism without *conciencia* is no better than capitalism. The party abolished or restricted all the extraordinary sources of income that had been tolerated since the 1970s—peasant markets, freelance work, market regulation of housing costs—in the belief that the self-interested quest for material rewards was undermining the resolve that had sustained the revolution and was allowing the successful few to breach its commitment to equality. "A communist spirit and *conciencia*, a revolutionary will and vocation were, are and always will be a thousand times more powerful than money!" Castro recently proclaimed.

To meet its current economic predicament, Cuba adopted a domestic austerity program last December that includes increases in public transportation fares, consumer utility costs and select parallel market prices, as well as cutbacks in the number of state-assigned automobiles, per diem payments to government officials, and foreign travel budgets. Together with the retrenchment of the private sector,



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The "strategic counteroffensive" is an attempt to infuse this belt-tightening with cherished revolutionary values of national purpose and self-sacrifice. The Cuban leadership has shown itself unwilling to risk a full-fledged market socialism like Hungary's, refusing to accept the proposition that the inner logic of socialism lies in a new "invisible hand" or to resign itself to widening social inequality. It has reaffirmed its view that the island's economy, historically deformed and currently embargoed, cannot implement a socialist version of the law of supply and demand without intolerable social costs. It has once again staked a claim to its own road to socialism. Since 1959, the Cuban leadership has preferred to believe that politics—not economic mechanisms—lie at the heart of socialism, and the current counteroffensive, with its reliance on charismatic authority, is a reassertion of that belief.

The 1980s, however, are not the 1960s. Although under evaluation, the planning and management system remains in place and Castro has warned that the "idealistic mistakes" of the past must not be repeated. However weak and constrained, there is an institutional order in Cuba today, and strengthening party authority over the state, especially at the local level, is a key element of the effort to "rectify mistakes and negative tendencies." The institutional order introduced in the 1970s has not so far been challenged. The government is encouraging a more critical, less controlled press and urging Cubans—like Silvia Marjorie Spence—to voice their concerns and keep management under close scrutiny. The 1986 party congress underscored the need for women, blacks and young people to be promoted to leadership positions in Cuban society. Present policies are indeed contradictory, as old visions are resurrected under new conditions.

Cuba's challenge, however, lies beyond the strategic counteroffensive. However evocative the 1960s may be of revolutionary sacrifice and moral exaltation, the generation of the 1980s may prove resistant to that appeal. About one of every two Cubans on the island was born after 1959; more than 1 million Cubans live in the United States. No other socialist country has a history and a culture so intimately marked by the United States, and despite the present freeze of relations, a rapprochement cannot be ruled out forever. The revolution is nearing its thirtieth anniversary, and Castro is 61 years old. The present counteroffensive would be inconceivable without him, but by and large it is not providing any clues about how Cuba should be governed after he is gone from the scene.

Cubans may well respond to the moral exhortations of the present moment—for a time. But the exigencies of everyday life may in the end prove too compelling. Winds of change are blowing everywhere in the socialist world, and Mikhail Gorbachev's view that the United States is "worried about one thing: If democracy develops here . . . we will win" strikes a long-neglected chord in socialism. Younger generations of Cubans may conclude that Cuban socialism, without reneging on its own special legacy, should heed the calls for change that are now stirring the entire socialist world. ☐