

With Raúl in charge, economic reforms debated

Signs of a debate in Cuba about the country's economy are starting to emerge for the first time since reformers were active in 1996.

The Miami Herald
Jan. 21, 2007

A debate over economic reforms that flourished inside Cuba in the early 1990s, until a crackdown in 1996, appears to be reemerging under the presumably more pragmatic rule of interim leader Raúl Castro.

Barbed complaints by Raúl Castro about inefficiencies in the economy, unusually public comments by intellectuals, and edgy newspaper articles about the dysfunctional economy are just a few signs of the ongoing discussions, Cuban and foreign analysts say.

"There is a debate," said Rafael Hernández, the editor of the quarterly Cuban magazine *Temas*, or *Issues*, and one of the country's leading intellectuals.

Hernández said the debate taking place at different levels of Cuba's government and society focuses on proposals such as decentralizing the highly centralized economy, forming cooperatives in areas outside of agriculture, and creating openings for more small and medium-size private enterprises.

A MODEST STEP

This is not the wholesale dismantling of the socialist economy that many critics of the communist system would want. But it would represent modest changes of the type that many analysts expect of Raúl Castro, widely believed to be more pragmatic and efficiency-minded than his ailing brother, Fidel Castro.

"In Cuba, no IMF formula is foreseeable," said Hernández, referring to the International Monetary Fund and its free-market economic policies.

Another proponent of reforms, prominent Cuban economist Pedro Monreal, recently told *The Wall Street Journal* that Cuba needs an overhaul to inject motivation and innovation into the economy although the direction of the debate is difficult to follow. "It's a kind of black-box process," he said.

Reached by telephone in Havana, Monreal said he told The Wall Street Journal what he wanted to say and would have no further comment.

EARLIER EFFORT

Monreal, Hernández and others were at the center of a push for economic reforms in the early 1990s, after the Soviet Union cut off its massive subsidies to Cuba and the country's economy virtually collapsed.

While their talk of the need for economic reforms drew much attention at the time, Monreal and Hernández and several others were forced out of their jobs at the Center for American Studies in Havana during a 1996 retrenchment from some of the changes that had been adopted.

The Communist Party launched a notoriously fierce attack on the reformers just days after the U.S. Congress approved the Helms-Burton law tightening the trade embargo on Cuba. The reformers suddenly all but disappeared from public view.

But the talk of reforms did not end, Hernández said.

In a 2002 article in *Temas*, Monreal wrote: "The final decade of the 20th century has been the scene of an inconclusive transformation of Cuba's economic structure."

Today, the issue has reclaimed prominence as the absence of Fidel Castro from public view stretches into the sixth month. He ceded power to Raúl on July 31 after intestinal surgery.

Cuba watchers are now sifting through newspaper articles and Raúl Castro's statements, trying to spot signs of possible changes or a continuation of the hard line on the economy.

One sign came when Raúl Castro told Cuban legislators last month: "We are tired of excuses in this revolution." He spoke out after seemingly growing annoyed while sitting through a series of bureaucratic reports on housing and transportation.

Several days earlier, in a meeting with university students, Raúl Castro had urged them to openly debate and disagree on Cuba's problems in order to

produce better solutions. He did not issue a carte blanche for debate, however, adding that it must take place at the right place, time and manner.

ONGOING STRUGGLE

Although the Cuban economy has largely recovered from its post-Soviet collapse in the early 1990s and is much more integrated into the global economy, the daily life of Cubans remains a struggle and inefficiencies and corruption remain significant problems.

Philip Peters, vice president of the Lexington Institute in Arlington, Va., said a three-part series in the Cuban newspaper Juventud Rebelde in October -- about corruption and "dysfunctionality at the state enterprises" -- caught his eye. It pointed to problems in supply chains, where parts and goods were never delivered to restaurants or repair stores.

"They started to get into some of the root causes, the deeper issues beyond venality," Peters said.

A new Juventud Rebelde article Friday looked at the problem of widespread "indiscipline" at state enterprises and questioned whether urging Cubans to have more loyalty would remedy the problems.

"Salary increases that don't compensate for prices in the market are not enough for real stimulus," the article said.

Reforms in the early 1990s legalized the use of U.S. dollars and allowed private employment and family businesses. But they also created inequality of incomes, which drew the ire of Fidel Castro and Cuban labor unions.

Now, the new leadership is faced with the problem of how to integrate these old and new economies, where a waiter at a tourist hotel may earn in one day what it takes a physician or professor several weeks to net.

"I don't care whether it is Fidel or Raúl [in power]," said Kirby Jones, president of the U.S. Cuba Trade Association in Washington, which favors increased U.S. trade with Cuba. "No country is immune from the forces that are generated by the people looking around the world, looking at television and movies. They know what is happening, and they want it for themselves."