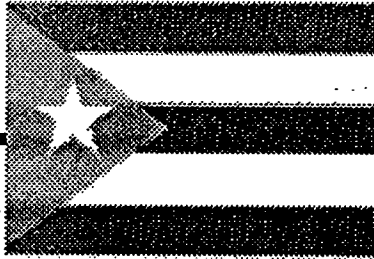


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# CUBA TRENDS


Volume II, Issue 9

September 1991

## MONTHLY PERSPECTIVE



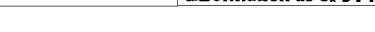
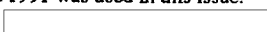
The collapse of Communist control in the USSR signals the end of Cuba's special economic and military relationship with Moscow and accelerates the economic and political crises Fidel Castro faces. Although Castro began planning for a possible disruption in ties to the Soviet Union almost two years ago, the suddenness and depth of post-coup reforms in Moscow have taken his regime by surprise and stymied officials on how to respond. The loss of Communist allies in Moscow has been a psychological blow to the regime--more than a week had passed before Havana issued an official reaction--and may embolden disaffected Cubans to protest publicly. At this early stage, Castro--almost certainly aware that his margin of error in responding to this latest crisis is narrower than ever--appears likely to resort to increased political repression and economic austerity while continuing to experiment with closely controlled reforms in an attempt to temper the effects of an almost certain unraveling of ties to the Soviet Union. 

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The prompt resignation, arrest, or suicide of many of Cuba's closest friends--including KGB chief Kryuchkov, Politburo member Shenin, Army Chief of Staff Moiseyev, and Prime Minister Pavlov--greatly diminished Cuban influence in Moscow. The dominant political leader in the post-coup era, Boris Yeltsin, has publicly called for an end to aid to Cuba, presumably including trade subsidies. Russian Foreign Minister Kozyrev, in an interview with the Soviet press, thanked the West for pressuring the USSR on Cuba, saying the Soviets have long needed to cut economic aid and end military aid altogether. Castro may have at least one friend in Yeltsin's inner circle--advisor Yuri Petrov had been ambassador in Havana until mid-August--but Petrov's influence on policy is undetermined. 

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**Disintegrating Ties**

The demise of Communist rule in Moscow presages the end of an already declining military relationship. Deliveries of military equipment to Cuba had fallen by more than 50 percent in the first half of 1991 compared with the same timeframe last year, and Soviet military advisers had been reduced since 1990 [REDACTED]. These trends almost certainly will accelerate, perhaps even resulting in a complete end to military aid and the formal security relationship. If this becomes apparent, Castro might try to save face by first expelling all Soviet military and intelligence personnel from Cuba. [REDACTED]

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The end of Moscow's control over the republics also bodes ill for the economic relationship. Under the 1991 trade accord, Moscow was responsible for coordinating exports to Cuba from the various republics and decentralized enterprises. Yeltsin's expropriation of Russian industries and resources could void Moscow's commitments to Cuba, including Gorbachev's promise of 10 million tons of oil in 1991. As of July, oil shipments were already 20 percent behind schedule, and the shift in control over the oil fields--coupled with the industry's worsening production problems--suggests a larger shortfall in coming months. [REDACTED]

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At this early stage, Havana's efforts to negotiate economic agreements with individual republics have yielded mixed results, and any new agreements probably would do little to offset the loss of Cuba's former privileged status with Moscow. According to press reports, Cuban trade officials have met with representatives from Russia, the Ukraine, Belorussia, Kazakhstan, and Uzbekistan over the past year, and several barter deals have been signed. Although details are unknown, individual republics may have agreed to a subsidized price for the Cuban sugar on some contracts. Nonetheless, as the republics are freed from Moscow's commitments and face production problems and shortages at home, Cuba faces a potentially severe falloff in trade. Castro could conceivably try to sell his sugar on the world market, but the depressed price of sugar--currently at 9 cents per pound compared to the 24 cents Moscow had promised to pay in 1991--suggests that Cuba would face a steep drop in its terms of trade. [REDACTED]

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**Difficult Options**

All of Castro's options at this point entail serious risks for his regime. Cuban economic contraction--which we estimated before the Soviet coup might reach 10 percent during 1991--is certain to accelerate, perhaps to 30 percent or more if all Soviet subsidies end. With few alternatives in the short term to compensate for the loss of Soviet subsidies, Castro, in our judgment, almost certainly will resort to greater austerity measures; basic rations will be further reduced, more industries will close, labor mobilizations to agriculture augmented, and public services further scaled back. [REDACTED]

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Increased political repression also appears certain. Discontented Cubans--who press reports indicate followed the Soviet developments closely--may try to follow the Soviet public's example in opposing the Communist regime. The psychological blow of the collapse of Soviet Communism to mid-level Cuban cadres--and potentially some in leadership circles--may be the catalyst that sparks open challenges to the regime. Castro probably calculates that most Cubans lack the political consciousness developed in the Soviet Union under *glasnost*, but he will increase repressive measures to make sure. [REDACTED]

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Beyond these immediate steps, we believe Castro will have to choose from among three basic strategies for survival:

- **Tough it out.** He might reject reforms and move to institutionalize the “zero option”—plunging Cuba into a pre-industrial subsistence economy—and rely on still loyal and efficient security forces to maintain order. This option might allow Castro several years in power, but at the cost of increased economic shortages, massive emigration, and eventually, civil strife.
- **Move ahead with limited reforms.** To attract international support—particularly from oil-producing Latin Americans, such as Venezuela and Mexico—Castro could implement economic and political adjustments that he and other officials have hinted at publicly. For example, he could expand new pay incentives, reopen the free farmers' markets, move ahead with privatization of certain services, and increase efforts to establish mixed enterprises with foreign investors. In the political realm, Castro could separate the positions of prime minister and president—both of which he currently occupies—and pledge direct National Assembly elections. Although these steps probably would not threaten his control in the short term, we believe they are not sufficient to revive the economy and could lead to even greater demands for reform. Moreover, Venezuela would insist on public pledges of more extensive political and economic reform in Cuba—including free national elections and greater movement toward a market economy—before committing to increased aid, while Mexico would quietly push for additional economic reform.
- **Introduce sweeping, meaningful reforms.** Castro conceivably could declare a new stage of the revolution, announce a commitment to make “appropriate” economic reforms, make elections more open, and make extensive personnel changes in the party and government. Taken together, these moves would indicate a significant ideological reorientation and a “voluntary” diminution of some of Castro’s powers. Such changes are highly unlikely, however, because Castro probably calculates he would soon lose control. [redacted]

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Despite his orthodox Communist rhetoric, Castro’s instincts probably are swaying him toward the second option; his experimentation with adjustments in the past 18 months, in our view, indicates awareness of the need for change. Regardless of external support, Castro probably will proceed cautiously. However, a sudden suspension of Soviet oil shipments and Latin American refusal to help fill the void probably would force him to adopt the more severe scenario. [redacted]

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## DOMESTIC POLITICAL DEVELOPMENTS

### Pan Am Games: Short-lived Euphoria

The Pan American Games held 2-18 August—before the Soviet coup attempt—gave Cuba a brief respite from the gloomy effects of a declining economy and a chance to gain new international prestige by conducting well-organized and disciplined events. Contrary to speculation, no embarrassing public protests by dissidents or disgruntled Cubans took place. Castro attended many contests, appearing happy and relaxed as he cheered victorious athletes, awarded medals, and talked with journalists and other spectators. The Cuban public, who seemed enthusiastic

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about the Games, received a psychological boost and temporary respite from the tedium of daily life. Based on footage of the crowds shown on US television, nationalism apparently overcame many spectators' resentment that labor and scarce resources were diverted from other projects for the Games. Cuban officials unanimously declared the Games a success. [REDACTED]

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The Games, nonetheless, underscored some of the contradictions between Cuba's socialism and its pursuit of hard currency. Despite Castro's professed hatred of capitalism, billboards advertising Coca Cola, Reebok sneakers, and other goods unavailable to Cubans were erected in an effort to portray a positive image for Western television viewers. Athletes were served food not seen in local markets for years. [REDACTED]

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### **Congress Preparations Gaining Momentum**

Preparations for the Cuban Communist Party Fourth Congress, scheduled to begin 10 October, moved forward in August, but Cuban officials have provided only hints of new policies under possible consideration. Municipal party committees on 19 August began reviewing party cells' lists of nominees for Congress delegates and "precandidates" to the Central Committee. When the review is complete, according to Cuban television, the nominations will be forwarded to the Provincial Party Assembly and Congress Organizing Committee in Havana. Thirty percent of the Congress delegates are being chosen through this "direct vote." The other 70 percent presumably are nominated by the Central Party. [REDACTED]

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New policies the party may introduce during the Congress remain vague. In August, two party hardliners publicly suggested that the party was considering limited, controlled economic and political reforms within the framework of the one-party socialist system. The National Assembly president, General Juan Escalona, said that some small businesses may be privatized, and the offices of president and prime minister--both currently occupied by Fidel Castro--may be split up. [REDACTED] Another conservative, Raul Taladrid, a vice president of the State Committee for Economic Cooperation, told reporters Cuba will "negotiate with the devil"--foreign capitalists--and make limited internal changes to attract investment. These statements indicate, in our view, that even hardliners--previously steadfast in their support for the "socialism or death" line--now agree that some change is necessary. [REDACTED]

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## **FOREIGN POLICY DEVELOPMENTS**

### **Raising US Embargo in UN . . . Again**

Havana, hurting from a steady decline in trade, has asked the United Nations secretary general to put the US embargo on the agenda of the 46th General Assembly, which begins this month. The Cubans have mounted similar efforts--and won general condemnation of economic pressure tactics--on past occasions, but Havana has escalated the rhetoric this time by referring to the United States by name. [REDACTED]

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The Cuban move is part of a broader effort to stir up international opposition to the embargo. In August, Cuban officials echoed Castro's assertion [REDACTED]

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[REDACTED] that the embargo obstructs Cuba's ability to reform. In his recent press encounter, for example, National Assembly President Escalona claimed that the embargo and US "hostility" made it impossible for Cuba to introduce a multiparty system. The Cuban Ambassador to the UN stated that the embargo had "seriously damaged" the Cuban people and nation. These arguments apparently have gained the regime some sympathy. The Latin American parliament voted overwhelmingly last month to designate the embargo a violation of international law. [REDACTED]

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At home, the antiembargo push is intended to blame the United States for economic troubles. Cuban officials have repeatedly claimed that the trade restrictions have caused serious shortages of essential goods. In a recent radio interview, for example, the Public Health Minister claimed the embargo has had a "truly condemnable" impact on Cuban health care. As imports decline in coming months, such rhetoric is almost certain to increase. [Redacted]

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**Making Some Headway With Guatemala**

Castro's lobbying of Guatemalan President Serrano [Redacted] has achieved some policy goals. [Redacted]

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[Redacted] Serrano [Redacted] believed Castro's assurances that Cuba was no longer aiding the Guatemalan insurgents. Moreover, Serrano suggested that US economic pressure on Cuba was ineffective. At the Central American summit in late July, Serrano blocked a proposal to criticize Castro in a final communique, [Redacted] Serrano reportedly claimed criticism would cause him problems in the Guatemalan peace process. Havana almost certainly views Serrano's posture as evidence that efforts to cultivate a more respectable regional image and to undercut US efforts to isolate it are bearing fruit. [Redacted]

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**ECONOMIC DEVELOPMENTS**

**Industrial Cutbacks**

[Redacted] that reduced imports of raw materials and fuel have resulted in a growing number of factory closings and production slowdowns since the "special period in peacetime" began one year ago. [Redacted] at least 13 industrial facilities have ceased operation, and over 13 others have significantly reduced their workforce. Over 20,000 industrial workers have been reassigned, most of them to agricultural work. Textile factories have been particularly hard hit; the closure of four sent about 7,000 workers to their homes or agricultural camps. The largest facility reportedly shut down was the 6,000-employee Che Guevara nickel plant, which closed in September 1990 when the Soviet Union reduced fuel supplies to Cuba. [Redacted]

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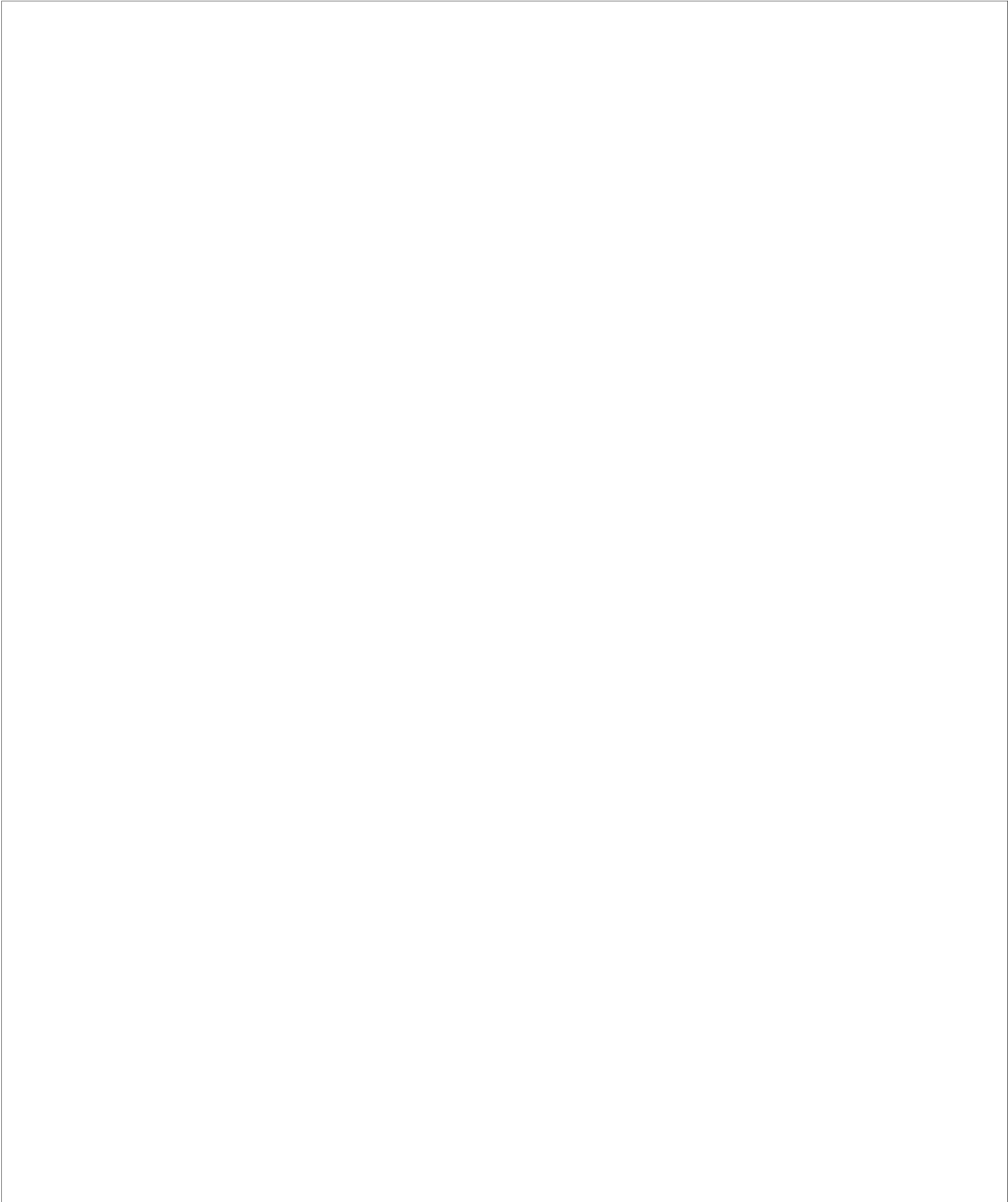
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**INDICATORS OF INSTABILITY**

In view of the fast moving events in the USSR and their impact on Cuba [Redacted] is working up new instability indicators that will appear in next month's [Redacted]

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**COMING EVENTS**

September 28 Anniversary of Committee for Defense of Revolution (1960) [Redacted]

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**VERBATIM**

*"The events that have taken place in the Soviet Union in the last two days have created deep concern among the Cuban people and government. ... It is not up to the Cuban Government to judge the events that are taking place in the Soviet Union at this time."* [Redacted]

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Cuban Government Communique  
20 August 1991

*"Whatever happens in the USSR, we will not depart from the path we have chosen as a revolutionary and scientific answer to the historic need of achieving the Marti ideology of national independence, anti-imperialism, Latin-Americanism, justice, social equality, and of advancing toward the most just, most humane, and most nonracial country ever known by man--a socialist society."* [Redacted]

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Cuban Government Communique  
29 August 1991

*"But no one wants to do anything to make [change in Cuba] happen. We are the sons and daughters of bad treatment. We get used to anything."* [Redacted]

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A Cuban Citizen  
Wall Street Journal  
27 August 1991

**HUMOR IN CUBA**

The Chinese are rumored to have offered Fidel Castro a special discount on the 700,000 bicycles he ordered. They figured that, since everything in Cuba was going downhill, the bikes wouldn't need pedals. [Redacted]

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The Pied Piper of the Caribbean, Fidel Castro

[Redacted]

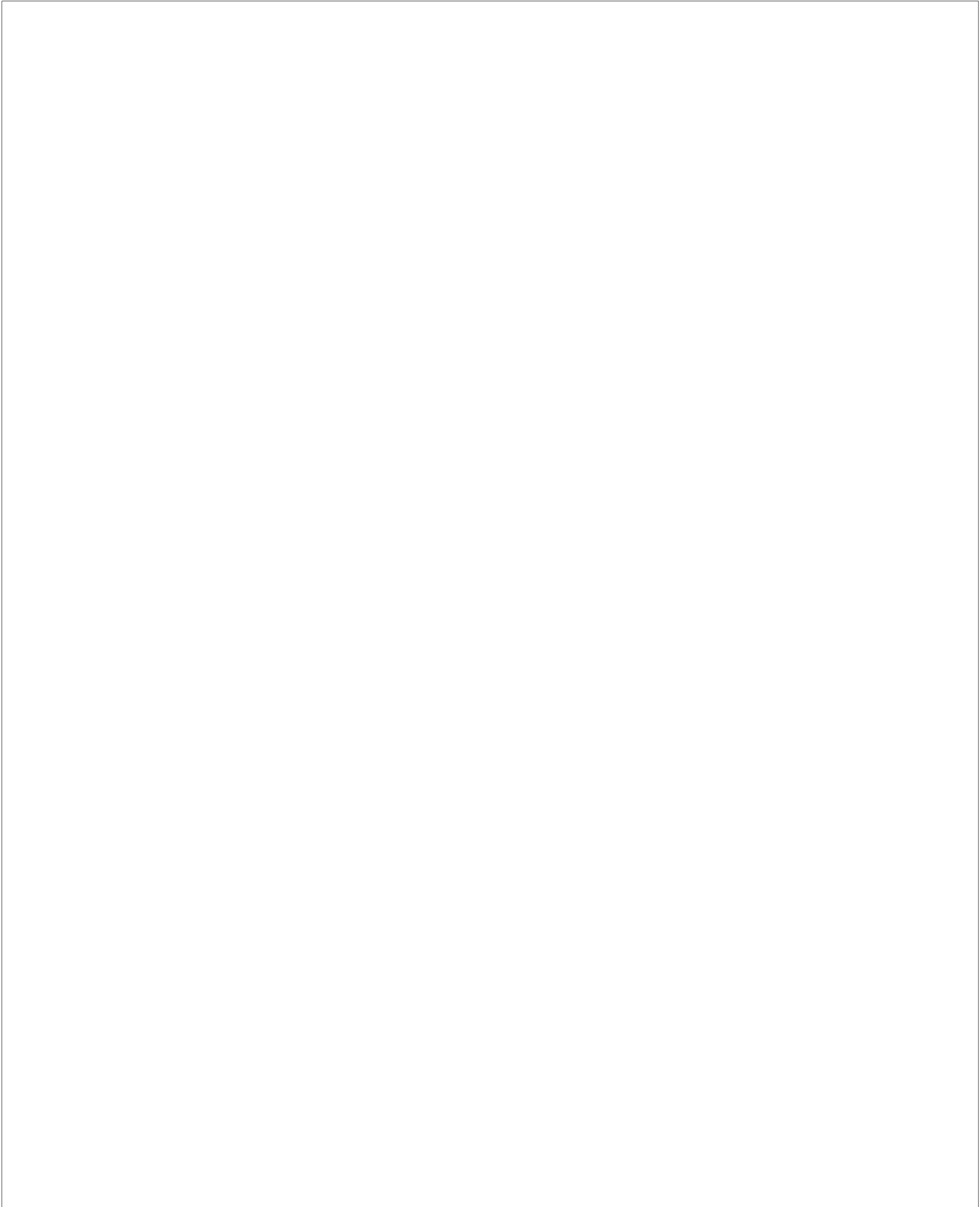
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