

A Legacy of Dysfunction

Cuba After Fidel

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Now in his late seventies, Fidel Castro is nearing the end of his political career after more than 45 years in power. Once Cuba's communist *caudillo*—or strongman—departs, his successors will be saddled with daunting political, social, demographic, and economic problems—in short, a vast array of dysfunctional legacies from the *fidelistas* past.

So concludes a recent study overseen by RAND Corporation researchers Edward Gonzalez and Kevin McCarthy. Drawing upon experts within and outside RAND, their comprehensive study identifies five major problem areas, some of them of the regime's own making and others structural in nature, which either have been worsened or are left unresolved under Castro's long tenure.

Legacies of Caudilloism and Totalitarianism

The collapse of the Soviet Union in 1991 removed or eroded three of the Cuban regime's four pillars of support—Soviet largesse, the "Revolution" and the social compact it represented for ordinary Cubans, and the once omnipotent totalitarian state apparatus. Only "Fidel," the founder of the Revolution, remains, but once he is gone a communist successor regime will be without its ruling *caudillo* and remaining source of legitimacy at a time of mounting crises.

The loss of Soviet economic support led to the "Special Period" of heightened austerity in Cuba that continues to this day, and to other severe economic and social dislocations, all of which have eroded popular support for the regime. The near collapse of the island's economy in the early 1990s also weakened the totalitarian state's grip over society as Cubans engaged increasingly in black market and other illicit activities to survive, while still others pressed for greater economic, social, and political freedom. As a result, Cuba's post-totalitarian state saw signs of an embryonic civil society and even challenges to the regime's lock on political

Abstract

When Fidel Castro departs, Cuba will reach a crossroads. A post-Castro regime that attempts to remain communist may find itself in a cul-de-sac where old policies and instruments no longer work. If such a regime should falter, a democratic-leaning replacement government is only a remote possibility. The country will face severe and simultaneous challenges on several fronts: an alienated younger generation, a growing racial divide, an aging population, and a deformed economy. Cuba's civil-society and market actors appear to be too embryonic, and democratic political opposition forces too decimated, for democracy to take hold naturally. More likely the military, arguably Cuba's most important institution, will take control.

power. Thus, in 2002, the Varela Project gathered more than 11,000 signatures petitioning the government to enact political and economic reforms.

The Castro regime reverted to its totalitarian impulses in March 2003. In sentencing 75 dissidents, independent journalists, and other activists to prison terms ranging from 6 to 28 years, it decapitated an emerging civil society of its potential leadership. Together with Castro's practice of caudilloism, this legacy of totalitarianism will leave post-Castro Cuba without the rule of law and other requisites needed to restrain the power of the state, promote a market economy, and foster civil-society organizations that help sustain democracy.

Alienated Youth

Castro's Revolution has drawn much support from the young, and the regime has looked to Cuba's youth as the future promise of the Revolution. But relations between the state and Cuba's youth deteri-

orated throughout the 1990s, as the young faced new levels of austerity, few opportunities for upward mobility, and a host of unfulfilled aspirations. The result has been a disaffected youth, whose retreat from politics may pose problems for not only a successor communist regime but also a democratically oriented one, because each would lack support from this pivotal, alienated sector.

A Festering Racial Divide

After much progress toward erasing racial inequalities, race-based discrimination and inequalities rose sharply in the 1990s. While most Cubans have suffered from the Special Period's austerity, Afro-Cubans—especially blacks—have fared the worst. Heavily concentrated in the island's poorest easternmost provinces, Afro-Cubans have benefited less from tourism and the other activities of the new economy. Compared with whites, Afro-Cubans receive fewer dollar remittances from abroad, are less likely to be small peasant farmers able to sell surplus produce for hard currency, and largely are excluded from lucrative tourist sector jobs. Any successor government will have to better the lot of Afro-Cubans substantially to retain the support they historically have provided to Castro.

An Emerging Demographic Bind

In contrast to its living standards, which are more typical of less-developed countries, Cuba's population structure resembles that of the high-income developed world. This contrast will pose a daunting challenge because Cuba's population is rapidly aging just as the supply of young workers is shrinking.

Cuba's population over the next two decades will decline by 22 percent in each of three age groups (0–4, 5–19, and 20–44), while its census of mature working-age individuals (45–64) and pensioners (65-plus) will jump 70 percent or more. This demographic squeeze between the pension and social service needs of a growing elderly population and a declining labor force will make it very difficult for Castro's successors to continue to support the extensive social services that have historically been one of the real accomplishments of the Revolution.

Deformed Economic Institutions and an Obsolete and Inefficient Sugar Industry

Faced with a severe economic contraction in the early 1990s, the Castro regime was compelled to enact a few limited economic reforms. But to transition into a global economy, any post-Castro government will need to go much further if it is to overcome systemic problems in the following four economic areas:

- **Unproductive labor.** Cuba's labor force is highly educated but unproductive, a situation exacerbated by the state's commitment to full employment and to a national pay schedule. Despite the closure of 45 percent of the island's most inefficient sugar mills in 2002, the Castro regime has kept the displaced workers on the state payroll. The national pay schedule has divorced workers' wages from their productivity, a policy that has created disincentives among the labor force. The new regime will be faced with a long-term task of motivating workers anew through market incentives.
- **Repressed, deformed private sector.** After 40-plus years of communism, Cuba's labor force lacks the trained managers, accountants, auditors, bankers, insurers, and other professionals that a robust market economy requires. In 2001, there were only 150,000 micro-enterprises in Cuba, a number that had fallen by one-quarter from four years earlier.
- **Corrupt society and state.** Corruption and favoritism are commonplace in Cuba. Most materials on the black market are stolen or misappropriated from state enterprises and warehouses. Inside deals between individuals and their government contacts are also commonplace.
- **Postponed economic restructuring.** Cuba also suffers from a distorted industrial structure that is a legacy of its nearly three decades of economic dependence on the Soviet Union. During that period, Cuba concentrated on producing sugar, which it exported to the USSR at exorbitant prices, and relied on imports of Soviet oil at well below world market prices. Despite the restructuring of the sugar industry that began in 2002, production has plummeted, and a new government will be faced with further scaling down the industry, introducing efficiency measures, and developing a more balanced industrial structure.

Cuba's Problematic Future and the Military's Indeterminate Role

Cuba's problems are interconnected and will pose difficult policy choices for any post-Castro government. Given the internal and external challenges facing a successor regime, and the likelihood that an immediate successor communist regime will be unwilling or unable to introduce the reforms necessary to overcome those challenges, the Cuban Armed Forces (FAR) are certain to play an important role in the post-Castro transition. How constructive FAR's role will be remains to be seen, but likely it will be contingent not only on post-Castro succession dynamics at play within Cuba but also on U.S. policy and the actions of the Cuban-American community. ■

This research brief describes work documented in *Cuba After Castro: Legacies, Challenges, and Impediments* by Edward Gonzalez and Kevin F. McCarthy, MG-111-RC, 2004, 150 pages, \$20, ISBN: 0-8330-3535-5 and *Cuba After Castro: Legacies, Challenges, and Impediments—Appendices* by Edward Gonzalez and Kevin F. McCarthy, TR-131-RC, 2004, 216 pages, \$28, ISBN: 0-8330-3573-8, available at www.rand.org/publications/MG/MG111/ and www.rand.org/publications/TR/TR131/. They are also available from RAND Distribution Services (phone: 310-451-7002; toll free: 877-584-8642; or email: order@rand.org). The RAND Corporation is a nonprofit research organization providing objective analysis and effective solutions that address the challenges facing the public and private sectors around the world. RAND's publications do not necessarily reflect the opinions of its research clients and sponsors. RAND® is a registered trademark.



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