

How Cuba has survived the U.S. embargo/blockade

[Essay and book review by Tony Wood, in *London Review of Books*, July 1, 2021](#)

Reviewing:

* *The Cubans: Ordinary Lives in Extraordinary Times*, by Anthony DePalma, published by Bodley Head, 368 pp., 2021

* *We Are Cuba! How a Revolutionary People Have Survived in a Post-Soviet World*, by [Helen Yaffe](#), Yale U Press, 363 pp., 2020

On April 16, Raúl Castro stepped down as first secretary of the Cuban Communist Party. Much of the coverage focused on the fact that, for the first time in more than sixty years, none of the island's top political posts is occupied by a Castro. This was a generational transition: the current president and first secretary of the party, Miguel Díaz-Canel, to whom Raúl handed over the reins of government three years ago, wasn't even born when the 1959 revolution took place. Soon the system established by Fidel Castro's 26 July Movement will have outlasted its founders. Its longevity has confounded repeated predictions of its imminent demise, and should have put paid to the abiding image of it as a Cold War relic. After all, Cuba's distinctive state-socialist model has now lasted longer in the post-Cold War world than it did before 1989. Yet the image of Cuba as stranded in a previous epoch stubbornly persists, distorting outsiders' view of a state that has all along been changing at its own pace.

Cuba's modern history is a famously polarising subject, with even simple word choices signalling opposed political sympathies. What most people in the US call an 'embargo' – meaning the sweeping trade restrictions first imposed in 1960 and ratcheted up many times since – is known in Cuba as *el bloqueo*, 'the blockade'. One term suggests targeted trade measures; the other implies all-out economic warfare. The same applies to the word 'revolution': it is either a single event that occurred in 1959 or, for supporters of the Cuban model, a process that is still unfolding. Analysis of Cuba can seem to operate in parallel universes, depending on where you stand.

The Cubans tells the life stories of an assortment of people in Guanabacoa, a town across the bay from Havana. Anthony DePalma, a veteran correspondent for the *New York Times*, describes the real gains made after the revolution by several of his interviewees, but also the frustrations and dissatisfactions of their lives today. His subjects include Caridad Ewen, an Afro-Cuban woman from the poor, rural east of the island who eventually became vice minister of trade; her son Oscar Matienzo, one of a new generation of Cuban businessmen; Arturo Montoto, a dissident painter who went into exile but returned to Cuba because of its extraordinary light; and Jorge García, who became an implacable critic of the regime after the Cuban coast guard sank a boat carrying two of his children to the US. Migration, to Florida in particular, is central to DePalma's stories, and to Cuban families across the island.

The Cubans is based on many hours of interviews and years of research. But it isn't exactly journalism, or oral history: it adopts the omniscient third-person narrative voice of a novel, often dipping into the protagonists' minds. It isn't always clear whose thoughts and opinions we're

hearing. One or two of DePalma's subjects remain committed to the revolution, but the story he chooses to tell is mostly one of disenchantment. Much of that feeling can be traced back to the privations of the 1990s, a time the Cuban government named the Special Period. Perestroika and the collapse of the USSR deprived Cuba of its main source of income: the Soviets had been paying three times the market price for sugar, which accounted for 80 per cent of the island's exports. Fuel shortages and rationing followed. The US began tightening the political and economic noose, strengthening the embargo with the Cuban Democracy Act of 1992 and the Helms-Burton Act of 1996. Pharmacies were no longer able to stock essential medicines, and hunger and malnutrition were widespread. Every scrap of waste was recycled or repurposed: meals were made out of fried grapefruit rinds or discarded banana skins. To this day, Cubans keep turning to the words *luchar*, 'to struggle', and *resolver*, 'to solve a problem' or to obtain what's needed.

As DePalma sees it, the resourcefulness of ordinary Cubans enabled the system to survive. But such resourcefulness was also a 'paralysing weakness'. 'Instead of marching to the Plaza de la Revolución demanding change, or locking arms with dissidents to fix Cuba's grim reality,' DePalma writes, most Cubans still 'simply accept and then adapt to the latest privation'. The Cuban state implicitly figures here as an unchanging monolith like those toppled in Eastern Europe in 1989. DePalma's assumption that regime change would 'fix' Cuba is common in the US, but at the end of his book he reveals that he also has personal reasons for thinking this way: he is married to a Cuban exile whose family left in the months after the revolution. As an explanation for the survival of the Cuban model, DePalma's paradigm – an oppressive regime facing off against a subjugated but passive people – falls short for the same reason most Cold War narratives do: their refusal to concede any legitimacy to the state, or even to analyse it. DePalma asserts without embarrassment that for his account he 'had no contact with any officials of the government'. He makes no attempt to understand the system as it actually operates.

Helen Yaffe's premise runs counter to DePalma's: rather than presenting state and people as opposed, she describes the relationship between them as 'extremely permeable'. She argues that citizens are directly involved in the governing system, helping it to adapt in spite of external pressures. Where DePalma sees stagnation and a subdued people, she sees popular participation and constant reinvention. Her use of Cuban government sources and official state data may deter some readers, as may her unabashed support for the Cuban model. But part of her argument is that, to a degree not really seen elsewhere, Cuban citizens *are* the state. For *We Are Cuba!* she interviewed government officials, diplomats, social workers, student leaders, economists, environmental scientists and immunologists, describing them all as "'ordinary" people given the opportunity to do extraordinary things by the Cuban system'. She also provides a mass of information missing from most accounts. In an earlier book, *Che Guevara: The Economics of Revolution*, Yaffe wrote about some of the policy debates that preoccupied Guevara and his comrades: how to achieve growth alongside social justice, how to strike a balance between plan and market, what forms of ownership are compatible with a socialist economy. All this, she suggests, is still relevant today. She shows the state trying out various solutions to these questions over time, while responding to shifts in global economic conditions and geopolitics.

Yaffe spent a year in Cuba in the mid-1990s and describes the many privations of the Special Period. She backs up her account with data: 'GDP fell 35 per cent in three years, the scale of collapse usually associated with war, famine or a natural disaster.' The government responded by

cutting military spending in half while increasing health spending and state pensions. Prices of essential goods were fixed to help people get by. But since imports had to be paid for with hard currency, state finances deteriorated. For most Cubans the 1990s were catastrophic: between 1989 and 1993, real wages dropped by half and household consumption fell by a third, along with the average calorie intake. Desperation led thousands to flee to the US on rafts, and in August 1994 the first serious anti-government demonstration in more than thirty years took place on Havana's Malecón. Cuba avoided the hyperinflation and unemployment that accompanied market transitions in much of Eastern Europe, but it was hard for Cubans to imagine how things could have been worse. Yaffe addresses the discontents briefly but doesn't take full account of the scale or impact of emigration. Between 1995 and 2015, about 650,000 Cubans were admitted to the US, with smaller flows to Spain and other Latin American countries – considerable numbers for an island with a population of eleven million.

The Cuban economy improved in the decade that followed: between 2002 and 2007, GDP growth averaged 7 per cent, nearly twice the level of Latin America as a whole. Credit for this is commonly given to the support Cuba enjoyed from the government of Hugo Chávez – as if the island had exchanged reliance on the Soviets for Bolivarian dependency. But Venezuelan oil is only part of the story. Over the course of the 1990s and 2000s, the Cuban economy was reshaped by a turn away from sugar: once the dominant export, by 2004 it accounted for only 12 per cent of earnings. Cuba was able to find other sources of revenue thanks to investments it had made long before the Special Period began. Long-term planning had laid a foundation for recovery.

Not all Cuba's new sources of income have been universally beneficial. Long wary of the inequality and exploitation tourism generates, in the 1990s the Cuban government had to bet heavily on it all the same. In 1994, urgently needing to increase revenue, the authorities created a parallel 'convertible' peso to stand in for US dollars as a way of drawing in foreign currency. It worked, but it also effectively split Cuba's economy in two: a limping, resource-starved state sector paid salaries and pensions in 'national' currency, while private-sector workers became relatively cash-rich earning convertible pesos. The imbalances were plain to see. An island in a general state of disrepair was dotted with enclaves of prosperity inaccessible to most Cubans.

But other sources of income were available, thanks to early decisions by the revolutionary government – in particular, the decision to invest heavily in medicine. Cuba now has a universal healthcare system with eight physicians per thousand people – nearly three times the UK's density of doctors – and medical training schools that draw students from around the world. Cuban doctors are both a source of income and a diplomatic asset: in the past year they have been deployed to more than forty Covid-stricken countries. The biotech sector got underway in the 1980s and grew rapidly: by 2007, pharmaceutical exports were earning \$350 million a year – the country's second largest source of income after nickel. Among its innovations are vaccines for meningitis and hepatitis B, as well as a promising vaccine for some forms of cancer. Cuba is the only Latin American country to have developed its own Covid vaccines: two of them, Soberana 02 and Abdala, are now being rolled out across the island, and three more are in the final stage of clinical trials. The government is in talks with several countries over mass production for export. Not for the first time, Cuba offers hope for the developing world while wealthy states insist on patent protections for pharmaceutical companies.

Cuba continues to prioritise long-term social goals over immediate growth. In 2017 a hundred-year plan was announced to address the impact of climate change on the island. Long-term thinking and short-term expediency sometimes converge, as in 2005-6, when Cuba's electricity grid was decentralised to improve energy efficiency and reduce its vulnerability to natural disaster and sabotage. As part of the same 'energy revolution', tens of thousands of social workers replaced more than nine million incandescent lightbulbs across the island with energy efficient ones in the space of six months. This exemplifies the Cuban approach: a combination of ambitious goals and, with mass mobilisation, a low-cost means of achieving them.

Yet the familiar dilemmas remained: how could a country with a state-dominated, low wage, low productivity economy make its way in a cut-throat global market without surrendering the revolution's egalitarian achievements? Another dilemma was new. In November 2005, Fidel Castro pointedly asked in a speech: 'When those who were the forerunners, the veterans, start disappearing and making room for the new generations of leaders, what will be done and how will it be accomplished?' A few months later the announcement came that Fidel was ill and would be handing over power to his brother Raúl, who had been head of Cuba's armed forces since 1959 and vice president since 1976. This wasn't exactly a changing of the guard. But once he took over, Raúl oversaw a series of reforms that marked a new stage in the evolution of the Cuban model.

The centrepiece of Raúl Castro's reforms was a set of three hundred 'guidelines' (*lineamientos*) for reshaping social and economic policy. They were first drafted in late 2010 and amended after a process of public consultation in which millions of Cubans participated. (DePalma dismisses the whole thing as a charade.) They involved change across the board: in agricultural co-operatives, foreign trade, education budgets, restaurant licensing, ministerial payrolls and private sales of apartments and cars. Taken together they signalled a shift from an overwhelmingly state-run economy to one in which state and private sectors, plan and market, are meant to coexist.

This is a major change. Previous gestures towards liberalisation, such as joint ventures with foreign capital, had been tolerated on the understanding that they were exceptions to the state-socialist rule. The *lineamientos* were different: the document introducing them blamed Cuba's economic difficulties on the excessive weight of the state sector, and recommended a relaxation of restrictions on self-employment and small business. The liberalisations carried out by China and Vietnam in the 1980s – with the aim of creating a 'socialist market economy', or 'socialist-oriented' in Vietnam's case – were seen as parallels for Cuba's reforms. Some of the Cuban economists Yaffe interviewed were alarmed by the resemblances, pointing in particular to China's current inequalities, and warning against too single-minded a focus on the economy.

The Cuban authorities seem to share some of these worries, and after 2016 the pace of reform slowed. Trump's election was a factor, bringing as it did a more hostile US stance: the White House escalated sanctions and reinstated curbs on travel and remittances. Mounting US pressure made the Cuban government think twice about major policy shifts. There was unease, too, about the rapid creation of a new layer of Cuban entrepreneurs: a bourgeoisie in embryo. But Yaffe argues that the stop-start character of the reforms wasn't a sign of hesitancy: it can largely be explained by the wish to defend *los logros*, 'the achievements' of the revolution. Necessary reforms could have undesirable side effects, and there was a tightrope to be walked.

In February 2019, after further public consultation, a new constitution was approved by referendum. It retains an insistence on Cuba's socialist character and on the primacy of the Communist Party, but differs from the 1976 version in significant ways. It straightens out some of the legal obstacles to the implementation of the 2011 guidelines but also registers broader changes in society. Article 42 prohibits discrimination by sex, gender, ethnic origin, skin colour or religious belief, and Article 81 protects the family 'in whatever form it is organised'. This was a feeble substitute for a draft article that would have legalised gay marriage: it was retracted during the consultation process under pressure from both old-guard party members and Catholic and evangelical churches. The latter receive generous, embargo-exempt funding from the US and are an increasingly assertive presence in Cuba. But change may still be on the way: a new Family Code is being drafted that could allow for same-sex marriage.

The new constitution has also reordered the political system. Power used to be centralised in the Council of State and in the hands of its chair: Fidel Castro for 32 years and then his brother. It is now distributed between a president, a prime minister and the head of the Communist Party. Both the first and third of these roles are currently filled by one person, Díaz-Canel, with the former minister for tourism, Manuel Marrero Cruz, serving as prime minister. The president is neither all-powerful nor permanent: he is limited to two five-year terms, and any successor must be younger than sixty on taking office. Generational renewal is now built into the system.

But there have been new tensions. One of Díaz-Canel's first acts on taking power in 2018 was to sign Decree Law 349, which tightened state regulation of the arts. Cuban artists and musicians immediately denounced it as an instrument of censorship. Their campaign led to the formation of the Movimiento San Isidro, a group which last November mobilised public protests – the first since the Maleconazo of 1994. The usual anti-Castro figures voiced their support, enabling the government to paint the whole phenomenon as Washington's creation. But many others on the island joined the protests too (including rappers with vast online followings). This messy convergence is unlikely to last, but the underlying discontent is real.

Covid-19 delivered a severe shock to the economy. Cuba's healthcare system kept case rates and casualties low for several months – fewer than 13,000 cases were registered during the whole of 2020 – but tourist arrivals fell by 90 per cent over the year. The Trump administration's decision to prohibit all remittances to the island severed a crucial lifeline for many Cuban families and made an already dire economic situation worse. In the middle of the crisis, the Cuban government launched a wide-ranging set of economic and monetary reforms. Long promised but much delayed, they came into effect on 1 January 2021 – Day Zero. The monetary component was especially fraught. Until this year, there was a sizeable difference between convertible and national pesos: the convertible peso (CUC) was pegged at parity to the US dollar, and one CUC was worth 25 national pesos. This meant the convertible sector was hugely overvalued, crippling exports, while the national sector remained mired in a low income, low productivity trap. Meanwhile, the government had to pay world market prices for imported goods – including the lion's share of its food – while subsidising their cost since no one receiving a salary in national currency could afford them.

All this had put a heavy strain on Cuba's economy for years, and currency unification was among the goals laid out in the 2011 guidelines. But the effects of increased US sanctions combined with the pandemic made it pressing. Without remittances or tourist dollars, the flow of

hard currency into Cuba was drastically reduced, and the government had no room for fiscal manoeuvre. In 2020, GDP dropped by 11 per cent, and the shortages already affecting much of the island became severe. In better times it might have been possible to unify the currencies gradually, bringing them into alignment through periodic devaluations. But the crisis led the government to scrap the CUC altogether, bringing in a single currency officially pegged at 24 to the US dollar. Demand for dollars shot up after the announcement of Day Zero, with one US dollar fetching two CUC in some black market exchanges.

To make matters worse, early this year Covid cases began to climb. By 15 June the total number recorded in Cuba had passed 160,000, around half of them in Havana, with more than 1100 deaths – equivalent to around 1400 cases and ten deaths per 100,000 people. This was a significant increase from 2020. But the figures compare favourably with Cuba's Caribbean neighbours: the incidence of Covid fatalities in the Dominican Republic and Jamaica is almost four times higher; in Puerto Rico it's eight times higher. And they compare more favourably still with many much wealthier countries: there have been 188 deaths per 100,000 people in the UK, nearly twenty times Cuba's rate. The island's homegrown vaccines should bring down case rates quickly, but the wider economic picture isn't promising. The Biden administration has so far done little to alter its predecessor's course, and shows no real interest in a return to the Obama-era 'thaw'. Punitive US measures seem set to remain in place for the foreseeable future.

How Cuba navigates the road ahead depends on how well its distinctive system can adapt to the terrain. The Day Zero reforms are, characteristically, both a hurried improvisation and a long-term bet on economic growth. Currency unification is designed to boost domestic production and exports. State sector salaries, pensions and the minimum wage have all been increased to help Cubans deal with any rise in prices, and to allow for the gradual elimination of subsidies. But currency unification will unfold unevenly across the economy. More of the labour force will be shifted out of the state sector but it remains to be seen if there will be enough jobs for them elsewhere. Díaz-Canel has rejected the idea that the reforms amount to 'shock therapy', but another round of hardship for Cubans may be on the way as a new balance is struck between plan and market, and a new hybrid model – market socialism with Cuban characteristics? – takes shape. Another common phrase in Cuba's lexicon is 'No es fácil' ('It's not easy'), the words generally accompanied by a shake of the head but spoken with determination.