**Revolutionary Economics**

* In comparison to other revolutions, Cuba/Castro had many advantages:
  + Relatively short guerrilla war
    - Caused little destruction, loss of lives and poverty
  + Possessed good communications and transportation system
    - Good and extensive train & Road systems
  + Character of rural population easy to deal with
    - Didn’t demand own land but pay rise and higher working conditions
  + Cuba had considerable unused industrial and agricultural capacity
  + By 1959, great support from socialist allies
* But it also had economic problems:
  + Inexperienced in economic matters
  + Change to socialist policies caused economic disruption
  + American embargo caused shortages and disruption
  + Beginning difficulties with new trading partners
  + Able technicians among first to flee
  + Usage of moral rather than material incentives damaged economy at first, but was stopped in 1969.
* First goal was the redistribution of income to working class
  + Success: They raised wages by 40% & purchasing power by 20%
  + Unemployment was also virtually wiped out
* Success esp. in areas outside Havana - regime held against super-urbanisation

**Agricultural reforms**

* + - First Law of Agrarian Reform decreed in May 1959
    - Restricted size of land holdings
  + Gave government right to nationalise excess amount
  + Nationalised land distributed in small amounts or put in cooperatives
  + Redistribution especially affected Oriente Province
  + 85% of all Cuban farms nationalised, at least to part
  + Slow tempo of land reforms accelerated = internal & external pressures
  + Estates related to Batista taken over first, then cattle farms finally US b.
  + Regime experimented with management of farms:
    - All became granjas del pueblo (state farms)
      * Administered by Institute of Agrarian Reform (INRA)
      * Same workers, but better wages and working conditions

**Industrial reforms; industrialization**

* + Began slowly
  + Only one major company taken over at first: Disliked telephone company
  + Conflict with US led to sweep in nationalisations:
    - Oil refineries
    - Factories
    - Utilities
    - Sugar mills
    - Then, foreign owned banks
    - Urban housing
    - Finally, native owned businesses
* Redistribution of income created problems:
  + Increased wages created a excess demand for consumer goods
    - Meat for example experienced a 100% rise in demand
  + This led to overkill of cattle
    - Created inability to supply it in future
  + Government increased problems by:
    - Lowering rents
    - Lowering utility rates
    - Increased number of free services

--> Cuba did not import consumer goods and could therefore not meet demand

* Rationing was introduced by 1962.
  + Increased discontent
  + Wasted scare resources due extreme spending and poor planning
* Less success full reforms included agricultural diversification and industrialisation
  + Government wanted to become more self sufficient
    - Change land from sugar growing to cotton, vegetable oils, cotton etc
      * Would save on foreign exchange as otherwise imported
  + Industrialisation programs proved to difficult and were abandoned 1963
* Problems in Agriculture occurred due to inefficient planning and administration
  + Castro set up central planning agency (JUCEPLAN) in February 1961
    - Castro ignored or bypassed it with special programmes
  + Also ignored private agricultural sector
    - of farms still in private hands
    - Finally, in early 1961, the National Association of Small Farmers (ANAP) was established
      * Coordinated production of small farms with national plans
      * They also gave credit, set up stores & organised associations
* Revolutionary government spent huge amounts on investment from 1962 to 1970

Largely wasted due to poor planning and inefficient administration

**The Return to Sugar, 1963-1970: The Ten Million Harvest**

* Missing experience and the resulting inefficiency persuaded Castro to re-emphasis on the sugar production, 1963
  + Increased agricultural earnings were to finance industrialisation
  + Symbol for this was the goal of 10m tons of sugar to be harvested 1970
* Sugar had previously suffered
  + Harvests 1960 & 61 only successful because of good weather and peace
  + Well-meant but short-sighted policies harmed crops
    - Diversification had led to destruction of best crops
    - Had not replanted in two years
    - Equipment & Manpower badly administered
    - Chaos in transport and distribution
    - Sugar mills were damaged and un-repaired
  + The Harvests from 1962 onwards were more than disappointing.
* Ten million tons harvest was not reached:
  + The usable mills could produce 6 million tons at maximum
  + In 1968 only 1/5 of the prof. cane cutters of 1958 figure were working
* Government intervention tried to change situation
  + Second Agrarian Law of 1963 nationalised most medium-sized farms:
    - 70% of all farms now under state control
    - Forced small farmers to sell crops to it at low prices
    - Castro stressed socialism, centralisation and moral incentives to increase production from 1965-1967.
    - USSR increased support Cuba by absorbing trade deficits of $1bn between 1961-1967

**Cuba and Latin American Guerrilla Movements**

* During mid.60’s Cuban government made moves to export revolution
  + Started guerrilla warfare against capitalist states, and supported groups
  + Stopped as Ché Guevara was killed by Bolivian troops in Oct. 1967

**Failure and Reassessment, 1970-1975**

* The ‘Ten million tons’ programme did much damage to Cuba
  + To reach goal revolutionaries virtually ruined sugar industry
    - Future harvests disappointing
  + Resources and manpower pulled from other industries
    - Caused disruption and turmoil
  + Failure to reach goal (8.5m t. collected) hit revolution and Cuba hard
* Castro admitted failures on July 26th, 1970
  + Re-emphasised hardship and Labour, although revolution would go on
  + Vowed that changes would be made, which Depersonalised & Institutionalised the government
    - Delegated power to new executive committee the ‘Council of Ministers’
    - Gave bureaucracy wider scope of action and more influence
    - Veterans, President Osvaldo Dorticós and Carlos Rafael Rodríguez took charge of economic development
    - Clearly separated the army, the bureaucracy and the party
    - Restructured army along traditional hierarchical lines
    - Judicial system changed
    - Attempts to broaden popular base and strengthen party
    - Labour movements revitalised (larger role for trade unions etc.)
  + Also changed many economic aspects
    - Sophisticated computerised planning techniques introduced
    - System of material rather than moral incentives introduced
    - Work quota system introduced between 1971 and 73
      * In 1972 alone this resulted in a 20% increase in productivity
    - Differentiation in wages between jobs
      * People paid not according to need but to productivity and complexity of job

--> Reforms led to a dramatic increase in productivity and a annual GDP growth rate of over 10% from 1971-1975 (3.9% from 1966-70)

**The Institutionalised Revolution**

* 1st Communist Party congress (Dec75) completed institutionalisation of revolution
  + Nationwide referendum in Feb. 1976 approved this
* Depersonalised government through pyramid of elected bodies
  + Fidel Castro (although now elected) still head of party and state

--> All this however created severe economic difficulties

* Economic difficulties:
  + Inefficiency
  + Low productivity — i.e. lack of:
    - Of professional management
    - Quality control
    - Labour discipline
  + Still heavily dependent on sugar
* Growth rate from 1976 to 1980 averaged disappointing four percent
* As Cuba continued dependence on sugar, a modernisation of industry began:
  + Sugar cane now harvested by cane
  + New mills have been built

--> Created harvests of 8 million tons+ since 1982

* But there are also problems
  + Production figures still fall short of goals
  + Creates balance of trade and foreign exchange deficit
  + Still reliant on heavily fluctuating world market prices
    - Vary from 60 US cents (1974) to 7 cent in 1982
* Cuba also has great debt
  + Owes $7 billion to western countries
  + Owes $10 billion to Russia
  + These debts are frequently rescheduled
  + Offers an answer why Cuba is at the forefront for debt relief programmes
  + Debt is huge in comparison to size and economic possibility
* Many people also flee from Cuba
  + Especially during the so-called Mariel exodus (April-Sept. 1980):
    - Fidel Castro angry that Peruvian Embassy wouldn’t turn in 6 refugees
    - Allowed all Cubans who wanted to, to leave the country
    - Various country’s started to accept refugees
  + 125000 people fled from Cuba during that time
    - Most fled through Mariel port
  + Not to forget:
    - During American Revolution 10 percent of population fled

**Achievements**

* Great record in:
  + Employment
    - Lowest Unemployment figures in Latin America
  + Equal distribution of income
  + Public health
    - Basically no hunger and starvation
    - Free medical care
    - Lowest doctor/patient ratio in Latin America
    - Infant mortality rate (11.9% in 1989) among lowest in world
    - Life expectancy 75 years (58.2 in III world countries)
  + Education
    - Free for all
    - Educational budget 7% of GNP
    - Illiteracy wiped out
    - Population average of ninth-grade education
  + Standard of living
    - Inequality dramatically reduced since Batista
    - Lower classes especially benefited:
      * Rents controlled, not more than 10% of income
      * Fair rationing of food
      * Income increased from $100 (1959) to $550-$850 (1977)
      * State farms furnished with televisions and relaxation area

--> No beggars

**Cuba and the World**

* Cuba sent much military aid to third world countries - helped:
  + Algerian independence
  + Guerrilla groups in Zaire
  + Portuguese African colonies
  + Tanzania during 1960’s
* Death of Ché Guevara and bad economic situation limited aid in 60’s
* Improved US-Cuba relations and prosperous economy increased it again—helped:
  + Eleven thousand Cubans helped Ethiopia against Somalia invasion 1978
  + Fifty thousand Cubans helped Angola against rebels supported by US etc.
  + Cuban-Anglo army defeated South Africa at Cuito Cuanavale:
    - Treaty of 1988 allowed independence of Namibia
* Cuba now engages in civil aid with 16000 Cuban:
  + Doctors, teachers, construction engineers, agronomists, economists
  + Serves 32 third world countries
  + Includes free education in Cuba
  + Motive "International solidarity" and providing foreign currency
    - * Fees on ability to pay