**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