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LADB Staff

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President Raul Castro Reins In Popular Expectations In Revolution Day Speech

by LADB Staff

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Cuban President Raul Castro's first Revolution Day speech as permanent holder of Cuba's highest office contrasted sharply with that of last year, when as acting president he described a framework for reforms, some of which were remarkably market-oriented for the sluggish centralized economy. This time his message to the people was that there is no free lunch, literally. He called expensive food imports and the longstanding tradition of the heavily subsidized food ration for all Cubans "irrational and unsustainable." Though it does not supply the entire diet, the ration card is thought of as a placard of the revolution, installed very early on.

Raul told a population with visions of consumer goods dancing in their heads that they would have to pull back from those notions and "get used to receiving not just good news." More precisely, he said, "The world faces a real crisis, not only economic but associated with climate change, the irrational use of energy, and growing problems of every type. We should explain in a timely way to our people the difficulties so that we can prepare ourselves to face them." It is somewhat ironic that Cubans were given incentive to think they were about to wade into the profligate world of consumerism just as the rest of the world was grappling with the probability that the age of accumulation of cheap stuff that does not do anything necessary might be coming to an end.

In the past few months, reforms have permitted the sale of cell phones, computers, DVDs, and other products. Cubans may now use the tourist facilities from which they were once barred. There were even going to be merit-pay increases to help people buy the stuff and bankroll the highlife. But now they heard Raul quote his brother Fidel, who said in another speech some 35 years ago, "The material objectives of our people cannot be ambitious." Raul's new prescription for crisis management, given his previous rosier scenarios, sounded reality-based rather than ideological. He said the government would strive to "reduce to the minimum the unavoidable consequences of the current international crisis."

But there is no Soviet Union out there any more doling out subsidies to encourage Cubans to ignore the linkage between production and consumption. Even with the substantial help Cuba gets from Venezuela, China, Brazil, Iran, and elsewhere, Raul said, "We cannot spend in excess of what we have, and, to make the best of what we have, it is indispensable to save everything, foremost fuel." Cuban projections are for food imports to rise from US\$1.47 billion in 2007 to US\$2.6 billion in 2008. The country will face rising fuel costs as well, even with Venezuelan support and its own increasing oil production.

As Raul set the bar higher for Cubans, some reached for their vaulting poles. Campesinos in Pinar del Rio said they would no longer accept the government rations, or at least some part of them. The rations provide beans, rice, cooking oil, sugar, coffee, and meat. The campesinos, members of a co-

op, extended an invitation to other groups to do the same. It was reported that at least two other groups have already accepted.

Some of Raul's recent reforms have been production oriented. He has decentralized agriculture and opened up fallow lands to individuals and co-op groups to farm on their own. Incentives for the workers Admonitions to austerity aside, Raul's previous call for salary increases might survive as a way of dealing with another crisis, the virtual sit-down strike among state workers.

Economist Oscar Espinosa, a social-democrat dissident who does not support the US blockade, explained, "Cubans are maintaining a slowdown strike and systematically violating laws because salaries are ridiculous and because of the disorganization of the system, which has a monstrous bureaucratic apparatus." A teacher, for instance, gets US\$20 a month, so even with subsidies, ration cards, and whatever other government handouts, getting through the month is difficult. Workers, therefore, resort to all kinds of fraud and filching, stealing state property, and doing what they can to get along.

This all works against government productivity efforts. It is what amounts to what analysts have called a "de facto boycott of the state-run economy." This can be seen in the slowness and inefficiency with which Castro's agricultural-decentralization program and housing construction have progressed. Compounding the problems are administrative delays, labor shortages, flight among young professionals, and a booming black market in filched public property.

These commandeered goods form the basis of a parallel economy, the one most people really live in, leading Juan Triana, a researcher at the Centro de Estudios de la Economia de Cuba (CEEC), to suggest legitimizing the clandestine economy. Short of that, the government will fight ongoing popular resistance to efforts at improving efficiencies or beginning to make local goods of sufficient quality to compete with imports. Raul has observed and commented on torpid labor at every turn on the island. Communist officials are sounding more like capitalist captains of industry in their criticisms of a system that has for so long permitted so many to skate, become well-educated, and, despite the US rhetoric to the contrary, live life at a level comfortably above the regional average, even without much pocket money.

The dilemma is that salaries must be raised to facilitate productivity, but production must increase to provide the salaries, and when it does, the desired effect still might not happen. The official paper Granma has noted that salaries for the first half of 2008 rose by 4.6%, but productivity only went up 3.5%. Compounding the problem is brain drain.

The state pays to educate the population far better than do surrounding nations. Cubans can take their expensive educations elsewhere and get a better return on their efforts, while the state loses both the cost of the education and the skilled or professional worker it produced.

Cuba is even losing the teachers who produce these educated people. A recent parliamentary report said that in Havana only 19% of teachers are certified and experienced. Construction labor is also in short supply at a time when the state is dealing with a housing shortfall of more than 500,000 units and 70% of existing housing is in need of repair. This has been an ongoing situation.

The numbers get worse as the years wear on. There have been recent improvements to the electrical grid, which ought to have sent productivity of the sector higher. But here, where there is no shortage of skilled workers, the problem is that citizens, who recently received a rate increase, steal the electricity through folkloric artistry in manipulating, turning back, stopping, or otherwise defeating the meters. The craftspeople who work with these meters to produce these results flourish despite a system of hefty fines if caught. These workers are paid well. They can afford the fines.

Castro has his work cut out for him as he attempts to untie the labor-production Gordian knot. He may be able to slice through it by marshalling public sentiment. He told the Revolution Day audience that he is intent on delivering a potable-water supply to Santiago and to get it done on schedule with no excuses from officials. "If they don't meet the targets, we'll send them to you and you can do with them what you think fit," he said. The crowd cheered.

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