CHAPTER V
REVERSAL OF REFORMS OR RETURN TO THE REVOLUTION?

In the preceding Chapter, an attempt was made to identify and delineate the process of economic reforms since 1993. The present Chapter focuses on political and economic changes and developments since the second half of the 1990s. The Chapter has been divided into four sections. The first Section entitled ‘Pace and Direction of Political Reforms’ examines the fifth Congress of Communist Party of Cuba (PCC) held in 1997 and the series of national and provincial level elections that have been held under the incremental political and electoral reform process since the 1990s. Timing, sequencing and tensions between electoral-political reforms and the economic changes are important; sometimes one set of reforms, say in electoral-political arena, and facilitate the reform process in economic area. Another time, the reverse may be the correlation; and even more, economic and political reforms may impede, and even cancel each other out. The second Section entitled ‘From Economic Slowdown to Recovery’ examines the complementarities or otherwise as Cuban economy made a turnaround 2002-03.

The Chapter in its third Section also makes an assessment of the pace and fate of the twin restructuring when leadership changed from the hands of Fidel to the hands of Raul Castro in 2006. The Section entitled ‘Regime Transition or Regime Continuity? Fidel to Raul’ examines the fallout of the change of guard at the highest level. An evaluation has also been made of how the changed circumstances offer Cuba, as well as to US, opportunity for a rapprochement. The perception and response of the Cuban –American community towards Cuba shall be assessed and analysed to explore the possibility of rapprochement.

The last Section titled ‘The Transition Debate’ summarises the viewpoints and commentaries written by well-known Cubanologists on the future direction of Cuba under the leadership of Raul Castro. The Section also makes an assessment of the reforms that Raul has introduced since coming to power.
Pace and Direction of Political Reforms

In 1997, the fifth Congress of PCC was an important event in the context of major changes in the preceding years. The Congress was not only responding to the economic and political situation of the previous years but also to the further tightening of embargo by US, first in 1992 and again in 1996. PCC Congress admittedly felt the need to propose some new changes and withdrawal of ineffective policies in the light of new domestic and external exigencies.

Fifth Congress of PCC in 1997

In the Fifth Congress of the PCC, in 1997, the officials discussed in details the developments at all the corners of Cuban life. The intellectuals analysed the periodic developments from the crisis to the year. The policy makers assessed the effectiveness of the response of the party and the government to the crisis of the ‘Special Period’. In the preparatory meetings, two main resolutions were discussed leading to the Congress -- one on economic policy and another on politics. Together, they demonstrated the limits of adaptive changes. They were: (1) the economic resolution called for greater efficiency and continued growth of the tourist sector as the leading source of hard currency; it offered no new reforms.1 (2) The political resolution, entitled “The Party of Unity, Democracy, and the Human Rights We Defend”, constituted manifesto against political liberalisation. It argued in defence of Cuba’s one-party system led by the Communist Party, in favour of socialist democracy based on mass participation rather than the bourgeois “liberalism” of contention among diverse interests, and for human rights based on social justice.

It has been observed that the call for the Fifth Party Congress emphasised on “to the correct, enhanced and conscientious work of the Cuban Communist Party and the Cuban government’s leadership as another essential factor in Cuba’s survival,” promising that “the Cuban revolution will continue to be strengthened and the leadership will continue improving the mechanisms of government – particularly its constant consultation with the mass concerning government decisions”. In the keynote speech at the 36th anniversary commemoration, Cuban Defence Minister and Second

Secretary of the Communist Party, Raul Castro, expressed his view on Washington’s call for a transition to capitalism in Cuba and said that Cubans “would never betray the legacy of all the patriots who have spilled sweat and blood for Cuba’s independence since the first battle cry against Spanish colonialism in 1898: *Viva Cuba Libre!*”

At the Fifth Congress, the Communist Party of Cuba consolidated its faith and reinforced, qualitatively and quantitatively because out of 780,000 members, 232,000 had entered in the organisations between 1991 and 1997. Between the Fourth and the Fifth Congress, the PCC had grown, in absolute figures, with 140,000 revolutionaries: the workers, with 32.1 per cent; continued to be the most numerous group, with a significant representation of professionals and technicians (13.8 per cent); teachers and professors (8.2 per cent); and service workers (7.5 per cent). This growth in numbers showed the confidence of the Cuban people in the Party and the identification with its politics in the historically most difficult moment of the Revolution. Among the members who entered in the party in this period, went through processes initiated by assemblies, in which they work collectively and chose those who were identified as examples. Beside from their merits, they also demonstrated a willingness to assume sacrifice and responsibilities that pre-supposed taking up vanguard positions in the tuff and complex period. At the same time, in accordance with the age structure of members approximately 25 per cent less than 35 years. However, the Congress was the culmination of a process that involved more than 700,000 members of the organisation island wide. Its resolutions and guideline set the pace for the strategies and actions that the country would undertake in the final years of this century and into the new millennium. It reaffirmed that the Communist Party should remain Cuba’s only legal party.

It is to be noted that, preparations were underway for the Cuban Communist Party’s Fifth Congress, the official call slating it for 8 October 1997. The proclamation placed special emphasis on “the heroic resistance of the Cuban people during these years of hardship, economic crisis and stepped-up aggression by

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3 *Militant* signifies the supporties of Cuban Revolution according to PCC.
4 The official call means the call given by PCC.
Washington". The proclamation recalled that the Fourth Party Congress, held in October 1991, warned of the impending hardships with the collapse of European socialism, stressing that the heroism and unity of the Cuban people—particularly Cuban women—"participated in the nation building to successfully navigate through extremely difficult times". Today, "Cubans are witnessing the beginning of the nation’s economic recovery".5

The resolutions reiterated the Cuban government’s view that dissidents on the island were U.S. hirelings bent on putting Cuba under American domination. There was discussion of the market-oriented reforms introduced in the early 1990s and the need to combat the detrimental effects of the legalisation of dollars and limited self-employment, though there was no change in the plan to continue to attract tourism and foreign investment. Most debate centred on grave problems with agriculture, and ways to make state factories more efficient.

In the economic field, the Congress evaluated that as a result of the decisions taken, the country has been able to tackle the economic downfall in 1994 and has started a difficult but certain process of restoration. Notwithstanding, the US blockade which has been converted in an economic war against the country. In the political field, the circumstances in which any other country would have recurred to restrictive and exceptional measures in accordance with the law, the country had broadened the people’s participation in the most vital decisions. This included the election by direct and secret ballot of all provincial delegates and all representatives to the National Assembly of People Power, the highest representation of the Cuban state. In the

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5 Raul Castro, "Political and Social Situation in Cuba and the Corresponding Tasks of the Party", *Granma*, Mar. 27, 1996. In the Congress, Raul had been re-elected as the Party’s Second Secretary and other 22 members of the Politbureau. The new body had two less members than the last Politbureau. Eight members were replaced and a group of young provincial leaders were brought into the Party’s highest organ. Among them, were party leaders of the provinces of Las Tunas, Santiago de Cuba, Cienfuegos and Holguín—Micael Enamorado, Juan Carlos Robinson, Pedro Saes and Jorge Luis Sierra, respectively. Two other new members to the Politbureau were Basic Industry Minister Marcos Portal and Eastern Army Chief Ramon Espinosa. Two women and five blacks also were on the Politbureau. The Congress delegates elected a 150-member Central Committee by secret ballot from a slate drawn up through a democratic process over several months that involved the party’s nearly 17,000 branches. The new committee had 75 members less than the number elected in the previous Congress pointing to the quest for a more practical and efficient structure. Twenty women were also included in the new Central Committee, constituting—13.3 per cent of the total membership. The average age of Congress members was 47 years.
elections concluded in January 1998, the rate of participation of the population was 98 per cent, thus maintaining the principle that it is the people who vote and elect not the Party.

In the coming years, Assemblies for Economic Efficiency and Workers' Parliaments were established in the factories, co-operatives, service units and others, as a new participatory form of revolutionary trade unionism. The congresses of workers, students, women and children, all expressions of the development and deepening of popular, revolutionary and socialist democracy were held. The PCC's understanding that, socialism is not only social justice, but also development and efficacy was at the helm of the Party's action, in an effort to transform the best experiences in a collective form of action. In the same way, the deep conviction that what is politically and ideologically essential and decisive is linked to the problems of compatriots in their daily life, as well as an ever-increasing collective sense of responsibility, are at the basis of the supportive attitude and responsibility of each cadre and leader.

To regain the faith of masses, the document of the congress portrayed the revolution of 1959 as a direct continuation of the struggle for independence and national sovereignty stretching back to 1868 and depicted the Cuban Communist Party as the "legitimate heir" of Jose Marti's Cuban Revolutionary Party. The disunity among revolutionary forces led to defeat in 1878, to US domination after 1898, and to the collapse of the 1933 revolution. "Hence, the great lesson has emerged out of historical experience: without unity, revolutionaries and the people can achieve nothing in this struggle", the political resolution asserted, and "unity required, as in the time of Marti, a single party to prevent the United States from reimposing neocolonial capitalism on Cuba".6

In the last part of this section, the names of all the previous and newly elected Politburo members and their designation in government and in the Party has been given. The next section discusses the reversal of some the reform measures in wake of tightening of US embargo in 1996. The government became conscious about

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implications of policies in the long term because few of them caused some unrest in social life like increase in black marketing, robbery, human trafficking, prostitution, drug trafficking etc. in the chapter, one section titled 'Strengthening of Cuban Penal Code' will discuss in details the measures taken by the government.

**Members of Politburo in Fifth Congress**

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<tr>
<th>Name</th>
<th>Position and Details</th>
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<tbody>
<tr>
<td>Ricardo Alarcon de Quesada</td>
<td>• President of Parliament</td>
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<tr>
<td>Juan Almeida Bosque</td>
<td>• Vice –President of the Council of State</td>
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<tr>
<td>Esteban Lazo Hernandez</td>
<td>• Lazo Hernandez replaced Jose Ramon Balaguer Cabrera, took charge of Department of Ideology and Department of Education, Science, Culture and Sports of the Community Party (PCC) [June 24, 2003]</td>
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<tr>
<td></td>
<td>• Balaguer Cabrera remained in charge of the Department of International Relations and took charge in the area of Public Health [June 24, 2003]</td>
</tr>
<tr>
<td>Concepcion Campa Huergo</td>
<td>• President and Director General of the Family Institute</td>
</tr>
<tr>
<td>Lt. General Julio Casas Regueiro</td>
<td>• First Substitute of the Ministry of the Revolutionary Armed Forces (FAR)</td>
</tr>
<tr>
<td>Fidel Castro Ruz</td>
<td>• First Secretary of the Central Committee of the Cuban Communist Party (PCC) and President of the Council of State and Ministers</td>
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<tr>
<td>Raul Castro Ruz</td>
<td>• Second Secretary of the Central Committee of the Cuban Communist Party (PCC) and Vice-president of the Council of State and Ministers</td>
</tr>
<tr>
<td>Lt. General Leopoldo Cintra Frias</td>
<td>• Chief of the Western Army</td>
</tr>
<tr>
<td>Lt. Abelardo Colome Ibarra</td>
<td>• Minister of the Interior</td>
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<thead>
<tr>
<th>Name</th>
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<tr>
<td>Yadira Garcia Vera</td>
<td>First Secretary of the Provincial Committee of the Cuban Communist Party (PCC) in Matanzas Province</td>
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<tr>
<td>Alfredo Jordan Morales</td>
<td>Minister of Agriculture</td>
</tr>
<tr>
<td>Carlos Lage Davila</td>
<td>Vice President of the Council of State and Secretary of the Executive Committee of the Council of Ministers</td>
</tr>
<tr>
<td>Pedro Saez Montejo</td>
<td>First Secretary of the Provincial Committee of the Cuban Communist Party of Havana</td>
</tr>
<tr>
<td></td>
<td>Replaced Esteban Lazo Hernandez who took charge of the Department of Ideology and Department of Education, Science, Culture and Sports of the Communist Party (PCC) [June 24, 2003]</td>
</tr>
<tr>
<td>Jose Ramon Machado Ventura</td>
<td>Chief of the Organisation Department of the Central Committee</td>
</tr>
<tr>
<td>Abel Enrique Prieto Jimenez</td>
<td>Minister of Culture</td>
</tr>
<tr>
<td>Felipe Perez Roque</td>
<td>Foreign Minister</td>
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<td></td>
<td>Replaced Roberto Robaina Gonzalez [May 28, 1999]</td>
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<tr>
<td>Lt. General Ulises Rosales del Toro</td>
<td>Minister of Sugar</td>
</tr>
<tr>
<td>Pedro Ross Leal</td>
<td>Secretary General of the Cuban Worker’s Union</td>
</tr>
<tr>
<td>Miguel Diaz Canel Bermudez</td>
<td>First Secretary of the Provincial Committee of the Cuban Communist Party in Villa Clara [promoted to Politburo-July 16, 2003]</td>
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<tr>
<td>Newly Elected members of the Politburo in 1997</td>
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<tr>
<td>Misael Enamorado Dager</td>
<td>First Secretary of the Provincial Committee of the Cuban Communist Party in Las Tunas</td>
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<tr>
<td>Lt. General Ramon</td>
<td>Chief, Eastern Army</td>
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The National Assembly Elections, 1998

After the fifth party congress in 1997, the election of National Assembly was held in 1998. After a successful election in which Cuban populace posed faith in government, some new reform measures were adopted in the year 1999.

On 11 January 1998, National Assembly election was held in Cuba. Once again, the election was treated as a plebiscite by the opponents and “political forces opposing the electoral process became active” and called for a boycott. Of the eight-million-plus electorate, 98.35 per cent voted; of which 94.98 per cent of the cast ballots were valid, with 99.38 per cent being the ‘unified vote’. Thus, 92.83 per cent of the voters voted in favour of the Revolution, an increase over 1993. The negative vote-blank and spoiled ballots decreased, declining from 7.03 per cent in 1993 to 5.02 per cent in 1998. Significantly, the negative vote in the capital city, Havana, dropped from 10.34 per cent to 3.42 per cent. Elizardo Sanchez, once again, acknowledged that the 1998 election “signified the renovation of the mandates and the legitimacy of the government” (Roman 1999).

In the coming year 1999, the government decided to strengthen punishment for crimes. With the purpose of strengthening the Cuban Penal Code, the National Assembly (Asamblea Nacional del Poder Popular) discussed and approved Law 87: The Modification of the Penal Code of Cuba proposing punishment up to death penalty for serious cases of drug-trafficking, corruption, and armed robbery. The next section deals with the aspects of this new law.
Strengthening of Cuban Penal Code in 1999

The increasing unlawful activities in the first half of the decade of 1990 compelled the Cuban government to strengthen the degree of punishment after fifth party Congress in 1997 where many landmark decisions were taken to stabilise the socio-economic and socio-political life. On 15 February 1999, at a Special Session of National Assembly (Asamblea Nacional del Poder Popular), passed new legislation *Law 87: The Modification of the Penal Code of Cuba* (Law 87), imposing the death penalty for serious cases of drug-trafficking, corruption, and armed robbery. These modifications to the Penal Code became effective on 15 March 1999. This constituted the most recent major changes of Cuban criminal law. The thrust of the modifications were toughened penalties for a series of offences, the addition of a new offence (trafficking in persons) and alteration of twenty five articles of the code. Most importantly, the sentence of life imprisonment was introduced. However, the Amnesty International opposed the death penalty in all cases as a violation of the right to life and of the right not to be subjected to cruel, inhuman and degrading treatment or punishment, as proclaimed in the Universal Declaration of Human Rights (http://www.cubanet.org/prisiones/documentos/ai_99.htm Amnesty International Document, *Cuba: A Worrying Increase in the Use of the Death Penalty*).

Earlier, on 5 January 1999, on the fortieth anniversary of Cuba’s National Revolutionary Police, President Fidel Castro called on the authorities to get tough on fight against crime. He stated that criminal activities had increased in last few years as the island opened up to foreign business and tourism. He further emphasised that the rise in crime was a threat to the social order, which would be exploited by the United States in its effort to overthrow the Revolution (Granma 1999f). In support of this theme, Ricardo Alarcon, President of the National Assembly said that the modifications establish a commitment to fight crime and it will demonstrate the Cuban people capacity to defeat Washington’s destabilising campaign against the island (Granma: 1999e). The new legislation described crime as a social phenomenon that poses the greatest danger to the stability of the nation (Saney 2004).
According to the Cuban Commission for Human Rights and National Reconciliation (Comisión Cubana de Derechos Humanos y Reconciliación Nacional), the death penalty can be given for 112 crimes, 79 of which involve state security violations and 33 involve common crimes.\(^7\) The death sentences in Cuba are sometimes carried out within weeks of trial judgment. Trials for such cases take place at the People’s Provincial Courts (Tribunales Provinciales Populares). The prisoners then appeal against their death sentences at the People’s Supreme Court (Tribunal Supremo Popular). If that court upholds the sentence, it goes to Cuba’s ruling Council of State (Consejo de Estado), which can either ratify the death sentence or grant clemency. The clemency consists of commutation to imprisonment for a maximum of 30 years. The death penalty cannot be given to people under 20 years of age or to women who were pregnant at the time when the offence took place or at the time of sentencing.

The economic crisis and the influx of foreign visitors introduced challenges and problems that had either been eliminated by or unknown to the Revolution. The aspect that caused the Cuban government the greatest anxiety is the use of the island as a drug transhipment point by foreigners who pose as investors or tourists, as well as the emergence of a small domestic drug market. This was accompanied by a rise in the number other crimes, most notably robberies, prostitution, etc.

\(^7\) On 1 November 1979 the Cuban Penal Code (Código Penal) (\textit{Law 21}) became effective which replaced the 1936 Code of Social Defence (Código de Seguridad Social) and the Code of Military Justice (Ley de Delitos Militares). The Article 29 of the Penal Code described the possible conditions for death penalty. A new Penal Code came into force in April 1988 (\textit{Law 62}), which reduced the number of capital offences. Article 29 remained unchanged but the death penalty was abolished for crimes against "collective security"; robbery with violence and intimidations, and certain crimes against peace and international law. In addition, the situations in which it could be applied for rape and pederasty with violence were narrowly restricted. The death penalty continued to be provided as a possible punishment in 23 articles, 19 relating to crimes against internal or external state security or against peace and international law, two for crimes against life and corporal integrity and two for crimes against the normal development of sexual relations and against the family, infancy and youth. On 25 August 1997 a new Penal Code was introduced under Decree 175, making stricter rules for crimes, such as corruption, prostitution and drug trafficking. No change was made to the death penalty which was maintained for exceptional cases (casos excepcionales).

Robbery: Simple robbery without violence carries a sentence of one to three years and/or a fine of 300 pesos while robbery with violence or the intimidation persons not involving the use of firearms carries a sentence of seven to fifteen years whereas, it is twenty to thirty years for robbery involving the use of firearms. Violent robberies using firearms or involving attack on police or security officers are now punishable by death.

Human Trafficking: Life imprisonment was also established for smugglers of illegal emigrants in cases where violence is used or where people’s lives are put at risk. The sentence stipulated for those penetrating Cuban territory illegally to take people out are: ten to twenty years if violence is not involved; twenty to thirty years when weapons, violence or intimidation are used; and life imprisonment when there is loss of life or lives are placed in danger, especially lives of children.

Prostitution: The emergence of prostitution after opening of the economy against the extensive development of tourism in the island has elicited much discussion. President Fidel Castro has outlined the associated problems on several occasions;

Our country is already being visited by nearly two million tourists annually. In general, these are respectable people, mostly Canadians and Europeans with exemplary behavior. But, there are always visitors, from various places, who travel for sex. Our people, particularly our children and teenagers must be protected, all the more so since the outbreak of diseases such as AIDS. We have hardened our sentences against procuring, particularly against the corruption of minors. All the gold in the world is worth less than the purity and dignity of a Cuban boy or girl (Castro 2000).

The sentence of pimping is increased to four to ten years while in case of involvement of minors the sentence could be seven to fifteen years. The prison sentences are increased for the corruption of minors in an effort to stop the activities of sex offenders and paedophiles. The penalty for paedophilia is sentenced from fifteen to thirty years. Cuban lawmakers have opted to not criminalise prostitution rather to focus on sexual procurement (i.e. pimping) by increasing the penalties (Saney 2004).

Drug Trafficking: The Cuban government has consistently expressed about the use of its airspace and coastal waters by international drug traffickers. The problem of
drug trafficking have been grown due to increased foreign trade and tourism leading to use the country not only as a transit route but as a centre of operations. The sanction against the drug traffickers has substantially been increased up to life imprisonment. However, where government officials or officers are involved in the production, sale, trafficking, distribution and illegal possession of drugs, the death penalty has been enacted. The potential sentence is increased from ten to twenty years while, in case of violence, it implies twenty to thirty years of prison sentence or capital punishment. Offenders who involve persons less than sixteen years of age in drug trafficking activities face life imprisonment but may be punished up to death penalty if violence is committed.

The National Assembly Elections, 2003

On 19 January 2003, legislative elections were held for the National Assembly of People’s Power. The 50 per cent of the candidates were nominated at public meetings before gaining approval from electoral committees, while the other half were nominated by official mass organisations such as trade unions, farmers’ organisations and Students’ unions which is considered one of important medium to get popular support. These included the Federation of Cuban Workers (Central de Trabajadores Cubanos or CTC), Committees for the Defence of the Revolution (Comités para la Defensa de la Revolución or CDR), Federation of Cuban Women (Federación de Mujeres Cubanas or FMC), National Association of Small Farmers (Asociación Nacional de Agricultores Pequeños or ANAP), Federation of University Students (Federación de Estudiantes Universitarios or FEU), and Federation of High School Students (Federación de Estudiantes de Estudios Medios or FEEM) (Roman 2007).

One of the important critiques George W. Bush argued in the run up to the election process as “a fraud and a sham” adding “If Cuban government takes all the necessary steps to ensure that the 2003 elections are certifiably free and fair, and if Cuba also begins to adopt meaningful market-based reforms, then, and only then, I will work with the United States Congress to ease the ban on trade and travel”. (http://en.wikipedia.org/wiki/Cuban_legislative_election,_2003)

The January 2003 national elections had a voter turnout of 97.16 per cent, with 91.35 per cent casting a united (unified) vote. Blank and spoilt ballots amounted to 3
per cent and 86 per cent respectfully, despite renewed calls from opposition groups for Cubans to shun the entire process. In the 2003 election, Fidel Castro and Raúl Castro got 99.01 per cent and 99.75 per cent of votes respectively (Granma International website).

Prior to the election, September-October 2002, proposals from ninety CTC, student and mass organisation plenary sessions held at the provincial and national levels and selected names were sent to the provincial and national candidacy commissions respectively. At the municipal level, these organisations met in almost 700 plenary sessions, which sent proposals to the municipal candidacy commissions. In total, more than 57,300 persons were proposed prior to the 2003 elections (Roman 2003 and 2007).

**Local-Level Elections, 2007**

In 2007, local elections were held in Cuba. The legislative/parliamentary election was held in 2008 followed by presidential election. On Oct 21, 28 and 31 2007, the local elections were held in Cuba. These elections are of national importance as they are the only direct elections in Cuba's political system in which municipal and provincial assemblies elect half the members of the National Assembly of People's Power. Therefore, this election indirectly determined whether Fidel Castro will remain president or whether the vice-president and acting president Raul Castro will officially take over (http://news.bbc.co.uk/2/hi/americas/6286890.stm).

According to official results, 96.49 per cent populace voted in which, 92.99 per cent were valid, 3.93 per cent were blank, and 3.08 per cent were invalid votes. In the 15,236 electoral constituencies of the country, 12,208 municipal delegates were elected in the first round, and 3,028 were chosen in the second round on 28 Oct, 2007. However, in a third round on 31 Oct, 2007 only four delegates were elected. In this election, 4,159 or 27.30 per cent of the elected are women, and 2,582 or 16.95 per cent are between 16 and 35 years old. In this election, 6,406 delegates were reelected (http://www.prensa-latina.cu/index.php?lang=EN).
The National Assembly Elections, 2008

A parliamentary election to the National Assembly of People’s Power was held in Cuba on 20 January 2008. According to the Cuban electoral system, one candidate was nominated for each of the 614 seats in the Assembly, and candidates were elected who received at least 50 per cent of the vote. The date of the election was announced on 20 November 2007 (Xinhua (People’s Daily Online), 21 November 2007).

On 24 January 2008, María Esther Reus, the President of the National Electoral Commission and Minister of Justice, announced the results of the election. Turnout in the election was placed at 96.89 per cent, with 8,231,365 voters participating; 95.24 per cent of the votes cast (7,839,358) were valid. 91 per cent of voters (7,125,752) cast a united ballot for all candidates, while 9 per cent (713,606) chose to vote only for certain candidates. Of the invalid votes, 3.73 per cent (306,791) were blank and 1.04 per cent (85,216) was spoiled (Granma.cu, 31 January 2008).

Raúl Castro was re-elected from the second eastern front with 99.37 per cent of the vote and Fidel Castro was re-elected from the seventh district of Santiago de Cuba with 98.26 per cent of the vote. Vice-President Carlos Lage and President of the Assembly Ricardo Alarcón respectively won their seats with 92.40 per cent and 93.92 per cent of the vote (Xinhua (People’s Daily Online), 31 January 2008).

On 24 February 2008, the National Assembly began sitting for its new term, and Raúl Castro was elected President. Alarcón was elected as President of the National Assembly, while Jaime Crombet Hernández Vaquero was elected as Vice-President and Miriam Brito was elected as Secretary (Granma.cu, 24 February 2008).

Cuban Presidential Election, 2008

On 24 February 2008, an indirect presidential election was held in Cuba, in which the National Assembly of People’s Power elected a new president of Cuba and the members of the Council of State. The election followed the January 2008 parliamentary election. In the election, Raúl Castro, who had been acting president since July 2006, was elected as president, succeeding his brother, Fidel Castro.
It was initially considered uncertain whether the ailing 81-year-old Fidel Castro would be elected for another term as president of the Council of State or acting president Raúl Castro would formally assume the presidency, but on 19 February Fidel Castro said that he would not seek another term because his physical condition would not allow him to properly carry out the duties of the office (BBC News, 21 January 2008, http://news.bbc.co.uk/2/hi/americas/7200682.stm and International Herald Tribune, 19 February 2008).

Municipal Elections, 2010

On 25 April 2010, the election for 169 municipalities was held to elect 15,093 delegates for all municipalities among the more than 45,000 nominated candidates by the citizens. The process of nominations began on 24 February, 2010 and continued till 24 March 2010 in thousands of neighbourhood nomination meetings across the island. In the election, the candidate had to garner at least 50 per cent of the valid votes to be declared elected. In each constituency, minimum two and maximum eight candidates were nominated for the election. A second round took place on 2 May, 2010 in those constituencies in which none of the candidates secured at least 50 per cent of the valid votes.

On 2 May 2010, a total of 14 per cent of the constituencies (2,107) had to go into a second round of voting. Three constituencies ended up in a tie among the two candidates who went into the second round, and so a third round took place on 5 May 2010 in which a winner finally emerged in all three. After completion of this third phase of the municipal partial elections on 19 May 2010, new municipal assemblies were constituted. All delegates perform their duties an elected representative on a voluntary basis, with no pay or remuneration of any kind (August 2010).

The president of National Election Commission (Comisión Electoral Nacional-CEN), Ana María Mari Machado, said in a press release that 95.86 per cent voters participated in the election. Of the total ballot, 91.11 per cent were valid, 4.59 per cent ballot were blank and 4.30 per cent invalid. The participation of women increased up to 5,046 delegates which constitutes 33.4 per cent, an increase of 6 per cent from the previous election of 2007. She said that 10,921 delegates (72.4 per cent) were between
16 to 50 years of their age which means they were born after the Revolution of 1959. While, 4,759 delegates (31 per cent) were not more than 40 years and 2,465 (16.3 per cent) were under 35. The selection of delegates indicates social recognition of youths
(http://www.parlamentocubano.cu/)

Reversal of Reforms after 1997

The Helms-Burton law by US Congress in 1996 and increased hostility from the Cuban–American community directly contributed to the slowing down of the reform process. Under a problematic situation Castro government took initiatives to face the adversity.

During the fifth Congress, the high level officials assessed the developments in socio-economic and socio-political spheres. To tackle the prevailing sense of immorality and expansion of black market activities due to introduction of market elements in the economy, the government decided on reversal of few reforms and emphasised on the strengthening of the idea of revolutionary ideology. The fifth Congress of PCC in 1997 marked the third phase in the restructuring process. On the whole, the party congress offered no new reforms; rather the party congress marked the return to ideological orthodoxy. The political resolution defended the one party system; upheld the socialist democracy based on mass participation rather than on bourgeois “liberalism” of contention among diverse interests; and defended human rights based on social justice rather than unfettered political liberties. The fifth party congress was prefaced by a widely discussed document on the defence of human rights and unity. Another significant change was that the number of those from the armed forces or the ministry of interior increased in the Politburo of the PCC. The economic resolution did not offer any new changes; it only called for overall greater economic efficiency and continued growth of the tourism sector—it being the leading foreign exchange earner.

Nevertheless, some notable changes still took place in the electoral arena. In the elections held on 11 January 1998, the method of direct and secret ballot was adopted for electing deputies to the National Assembly and delegates to the provincial assemblies. Popular turn-out was as high as 98 per cent. In February 1999, Castro
introduced the most severe legislation that Cuba had ever experienced, sentencing political dissidents, who deviated from the party line, to between twenty and thirty years of prison. With this, Cuba was once again entering a period of ideological orthodoxy guided by the Cuban Communist Party, proclaiming ever-greater social justice and political empowerment and participation of citizens.

The return to ideological orthodoxy continued beginning the next decade. In June 2000, local and provincial gatherings discussed the need for the PCC to withdraw direct involvement in public administration in order to improve party’s role as the main guarantor of the revolution’s ideology. The veterans of the 1959 revolution returned and the Asociacion de Combatientes de la Revolucion Cubana (ACRC) was given a high national profile. Amidst all these political changes through the decade of 1990s, the party leadership continued to strongly reaffirm the centrality of the leadership of Fidel Castro; and the imperative of mass mobilisation and the defence of the la patria. There was a response from the autonomous civil society organisations. On 8 December 2000, Mesa Redonda de Reflexion, founded in January 1999 and which incorporates a number of independently formed organisations such as the Partido Democratico de Solidaridad (PSD), Corriente Social Democratica Cubana (CSC), Partido Democratico Liberal de Cuba (PDLC), Proyecto Democratico Cubano (PDC) and the Consejo Unido de Trabajadores Cubanos (CUTC), called for a national debate on changes for 2001 and initiated six months of workshops designed to formulate a charter of human rights.

(iv) The ailment of Castro in 2006 and gradual transition in the top level of the regime and the party since 2007 marks yet another phase arguably in favour of pragmatists. With the ascension of Raul Castro, it is said that it offered a window of opportunity to move Cuba towards a ‘mixed’ capitalist economy and a possible rapprochement with the United Stated and US-based Cuban-American community.

To summarise the preceding discussion, the processes of economic and political reform or restructuring remain under debate as to their nature, pace and depth. Whether these changes are superficial and cosmetic or meaningful and transformative in character is an important, but still a short-range, question. What however is without doubt is that the twin restructuring processes, irrespective of their depth and direction,
are deeply changing Cuban economy, polity and society. Whether socialism would gradually give way to a 'mixed' socialist, or capitalist, economy is the key question. After a series of reforms in the first half of 1990s, the second half of the decade saw return to ideological orthodoxy, and slow down, even reversal, of some of the reform measures. The transition from Fidel Castro to Raul Castro is said to mark the beginning of pragmatism, as more market features are added to the economy and changes are introduced at the political level.

The next section deals the National Assembly elections held in 1998. During the elections, some new proposals were discussed and after successful completion of election process, some of them were implemented in the coming year 1999. The participation of majority of masses in electing their representatives strengthens the idea of implementing new measures as demanded or required by the Cuban populace.

**Slowdown to Economic Recovery**

The period from 1999 onwards is quite interesting as it corresponds to two seemingly contradictory conditions that have driven the Cuban economy for one – and – half decade. Starting in 1999, the economic recovery became more sluggish and the availability of external resources declined, yet the plans for social development in the education, healthcare and ideological-cultural sectors became more extensive and prioritised. Cuba’s gross domestic product (GDP) growth steadily slowed down to 6.2 per cent in 1999, 5.6 per cent in 2000, 3.0 per cent in 2001, and 1.5 per cent in 2002, with an improvement to 2.6 per cent in 2003 and 5.0 per cent in 2004 (Mesa-Lago 2005).

The economic recovery has been impacted by a variety of hostile factors. The persistent decline of sugar prices in world market, the lowest in history, have made its production unprofitable and in 2001, had led to the complete shutdown of almost half of the existing sugar mills. The available land and resources were allocated to other production. With this decision the structure of production has been significantly altered, affecting not only exportations, but also intra-sector relations and the international disposition for the granting of credits. The depression in nickel prices, although they improved in part in 2002, has also played a role, as have the impact of
the events of 11 September 2001 in the United States and the subsequent US policy restricting further tourists and family remittances of Cuba.

The commercial and balance-of-payment deficit has persisted and the foreign debt of the country has increased as a result of the high cost of short-term credits. The budget deficit has been reduced from 30 per cent of the GDP in 1994 to only 3 per cent in 2002; however, the chain of debts among the various industries of the country has increased (Carranza 2002). A detailed evaluation of reform in this specific period will be done in the chapter.

The decade of 1990s, is one of the interesting period of study of Cuba since 1959. This decade saw the one of the painful period of crisis and at the same time historic improvements in standard of living. The policy makers watched minutely economic and political developments in the country and accordingly implemented pragmatic changes at every level. This experiment in the age of globalisation is indeed a remarkable example for the third world countries. One of the important decisions which helped Cuba to reassert their position in the international community was forging lasting relationships with the likeminded countries.

Initiative of De-dollarisation, 2004

In November 2004, a Resolution from the Banco Central de Cuba (BCC) rejected the use of the U.S. dollar as legal tender. The practice of accepting Dollar began in 1993 and decreed that only convertible pesos (introduced in 1994) would be accepted by all state entities, such as hard currency shops, hotels, restaurants, bars, cafeterias, taxis, auto rentals, etc. This new Resolution decreed that state and mixed enterprises would no longer be authorised to make dollar bank deposits in cash, instead, they must use convertible pesos for businesses. A fee of 10 per cent (gravamen) was imposed on Cuban citizens, foreign tourists, and senders of remittances who need to convert dollars to convertible pesos at exchange houses, banks, hotels, and hard currency shops. Existing banking accounts in dollars (held by individuals, diplomats, national enterprises, and joint ventures) would be forbidden from receiving new deposits or transfers in dollars. However, newly opened accounts in dollars would be allowed, and withdrawals from such accounts would be permitted without charge, as well as the receipt of interest from CDs. Canadian dollars, Euros,
British pounds, and Swiss francs would be converted without the 10 percent charge, and bank accounts in those four foreign currencies would be permitted to receive deposits and transfers in said currencies ("Resolución 80" 2004 and Mesa-Lago 2005).

The government implemented tough restrictions on the use of the dollar, which now can only be legally used for five functions: (1) hoarding it under mattresses for potentially bad times (some experts estimate that as much as US$ 500 million are now being hoarded); (2) changing it for convertible pesos, paying the 10 per cent fee; (3) maintaining it in a banking account that cannot receive new deposits in dollars, and withdrawals are charged with the 10 per cent fee (if a new bank account were opened before the deadline, then such account could accept dollar deposits); (4) keeping it in banking deposits and CDs in dollars that can be cashed and earn interest in dollars—between 1.5 per cent and 2.75 per cent—without the 10 per cent fee; and (5) charging it to credit cards in dollars that are not taxable. However, the BCC Resolution stated that "the population can keep, without any restriction, as before, U.S. dollars . . . in any quantity" and that the measures "do not imply any type of limitation on dollar possession." But such assurances were intended to calm the population (Mesa-Lago 2005: 31-32).

The following section analyses probable causes of the restrictive dollar measures, as well as their effects on the government and the people in the short, medium, and long terms.

(i) Causes of De-dollarisation:

The government took this initiative because the US government pressurised on foreign banks to prevent Cuba from making deposits in dollars in order to fulfill its financial obligations, as well as the US State Department’s creation of the “Cuban Assets Targeting Group” to stop the flow of hard currency. The U.S. government came with this hardship because the Union de Banques Suisses (UBS), the biggest bank in Switzerland, accepted deposits from the Cuban government for seven consecutive years, totaling US$ 3.9 billion and sent false reports to the Federal Reserve Bank of New York. When the latter discovered these deposits, it imposed a fine of US$ 100 million on the UBS; additionally, several Federal Reserve Bank of
New York employees have been fired and are under investigation (Mesa-Lago 2005: 32-33).

In has been observed that the practice of monetary duality (in pesos and dollars) became matter of concern because it impeded control of a large sector of the economy and created "market segmentation" (rationing, free agricultural markets, TRD). This also increased inequality between those who receive remittances and those who do not. The monetary duality softened the effects of the crisis as a temporary solution that has generated social inequalities, a decline in activities conducted in pesos in the domestic demand, and high costs of imports for activities in hard-currency. One of the study of ECLAC argued two methods to overcome this problem, one to eliminate monetary duality and reach peso convertibility (ECLAC 2004b).

(ii) Effects of De-dollarisation:

This initiative led to a substantial flow of dollars through the charge of 10 per cent fee to convert dollars into convertible pesos and the appreciation of the convertible peso by 8 per cent. The annual remittances exchanged for convertible pesos generated US$ 76 million to US$ 190 million for the government. As result, the number of new bank accounts opened in dollars rose ten times before the measures were announced on 14 November 2004 because when accounts were opened before the deadline, dollars could be withdrawn in cash or convertible pesos without paying the fee. That transaction was beneficial to those who had a modest sum in dollars that would have to be spent in the short run in the TRD in order to avoid losing 10 per cent of its value. The initiative also generated negative effect for the government. Cubans having good amount of dollars tried to buy items in the black market. This practice increased black market activities (Mesa-Lago 2005b).

Propositions during Transition Phase

Given the challenges it faces in terms of fiscal pressures, monetary imbalance and a need to raise productivity, it was expected that the Cuban government would continue the process of macro-economic adjustments and economic reform. Deteriorating global economic conditions may slow the pace of reform, as lower commodity prices widen the fiscal deficit, increasing inflationary pressure (through monetarisation) and thus reducing the scope for raising administered prices towards
market levels. The pace of change will also be constrained by ideology, a desire to prevent imbalances from widening and a need to build consensus for changes that will squeeze out sources of earnings derived from black markets. Although, we expect some expansion of the scope for legal private enterprise, rapid market liberalisation of the type experienced in the “transition” economies of the former Soviet bloc will remain off the agenda. The government’s main objective will be to improve incentives and management systems to lift domestic productivity. To narrow the fiscal deficit there will be retrenchment in 2009, including the postponement of some of the planned infrastructure investment projects that are not specifically supported by official external financing. Monetary imbalances will continue to complicate policy management. A strategy for moving towards a single currency is under way, but our forecast assumes that the dual exchange-rate system will remain in place throughout 2009-10, presenting a barrier to the integration of the domestic and external sectors.

Assumptions on Economic Growth:

GDP growth in 2009-10 is expected to weaken. After average real annual growth of 10.2 per cent in 2005-07, the pace of GDP growth slipped to 4.3 per cent in 2008, as a squeeze on external finance arising from high food import prices and falling nickel prices was exacerbated by hurricane losses. The services sector, which has led growth in the past five years, will slow, with tourism hit by falling consumer spending in its main markets and an end to the recent surge in the growth of health and education services. In early 2009, the damage from the previous year’s hurricanes inhibited the boost to agricultural output arising from structural reforms, although an upturn by the end of the year was expected. Manufacturing output will rise only modestly over the forecast period, helped by investments in energy and transport infrastructure and industrial capacity, but impeded by restrictions on private enterprise, monetary imbalances and price distortions within the domestic economy (CIAO 2009).

Observations on Exchange Rates:

The current account, which was in surplus by 0.8 per cent of GDP in 2007, fell into deficit in 2008 and will remain in deficit in 2009-10. However, the deficit is
forecast to fall from US$ 2.7 billion in 2008 (4.8 per cent of GDP) to an average US$ 1.6 billion (2.6 per cent of GDP). This mainly reflects a fall in the trade deficit, as a decline in export earnings from nickel is more than offset by a reduction in import prices. We expect the surplus on the services account, which swelled rapidly in 2005-08, to be narrower in 2009-10, with slowing growth in tourism and a downturn in earnings from professional services. Gradually rising net profits outflows will widen the income deficit, although it will remain stable as a share of GDP. Our forecast assumes that limits on remittances from the US will be relaxed after Obama’s inauguration, allowing incoming current transfers to rise to US$ 1.1bn by 2010. A more radical shift in US policy could bring faster growth in both remittances and tourism earnings, but this is not our central forecast. Non-OECD countries have accounted for most of the new foreign direct investment (FDI) and officially backed trade and project credits that financed the current-account deficit in 2008 (CIAO 2009).

Efforts were under way to improve integration between the hard-currency and domestic-currency areas of economic activity, as part of a strategy to unify eventually the two Cuban currencies. Our forecast assumes that the convergence process will be gradual, with steady improvement in the purchasing power of the Cuban peso within the domestic economy eventually being followed by the start of a process of revaluation for the unofficial rate beginning in 2010. However, abrupt unification is possible. This would create adjustment difficulties in the short term, but would improve dynamism in the domestic economy in the long term.

Significant changes in the economic system are likely to be introduced over the next five years. Our forecast assumes that the state will continue to exercise substantial direct control, but reforms will expand the role of the market. The Banco Central de Cuba (BCC, the Central Bank) will play a pivotal role in a realignment of prices, wages and exchange rates, using a broad range of direct and indirect instruments. We forecast an increase in real wages in 2009-10 and the start of a gradual process of increasing the unofficial value of the Cuban peso in 2010. Both adjustments will serve to increase real consumer spending. The fiscal deficit (which is monetised) will narrow from the 6.7 per cent of GDP registered in 2008 to 3.0 per cent
of GDP by 2013. We expect annual GDP growth to continue to weaken in the short term, after a surge in 2004-07 that was driven by new export markets and sources of external finance. The expansion of services exports will moderate while domestic industrial production picks up. With a stable population, an increase in annual GDP growth to nearly 5 per cent in the medium term will bring significant improvements in living standards. However, close ties with China and Venezuela leave Cuba vulnerable to any reversal of fortune in those countries (CIAO 2009).

**Regime Transition or Regime Continuity?: Fidel to Raúl**

Since the illness of Fidel Castro, the academics have debated extensively on the issue of transition or continuity of the Cuban revolutionary regime. Many institutions, economists, political scientists, cubanologists forecasted about the political and economic dimensions during the intense debate on transition. Here, an attempt is being made to conceptualise all these predictions and supposition.

As Raúl stepped into his new role as head of government, a number of observers predicted that he would be more open to economic reforms than Fidel, pointing to his past support for opening up farmers’ markets in Cuba and the role of the Cuban military in successfully operating economic enterprises. Many have speculated that Cuba under Raúl might follow a Chinese or Vietnamese economic model. After more than a year in power, however, there have not been any significant economic changes to indicate that Cuba is moving in the direction of a Chinese model. Moreover, Cuban Vice President Carlos Lage, known for orchestrating Cuba’s limited economic reforms in the 1990s, reportedly said in late August 2007 that Cuba would not follow the same economic path of other communist nations such as China and Vietnam. Nevertheless, with several minor economic policy changes undertaken by Raúl, there are some signs that more substantial economic changes could be coming. Raúl’s leadership style is far different than that of Fidel, with observers maintaining that Raúl is more pragmatic with a consultative decision-making style. He is not prone to excessive political rhetoric, and he has only given a few public speeches since he assumed power. Among the smaller economic changes under Raúl, the Cuban government has paid off its debts to small farmers and raised prices that the state pays
producers for milk and meat; customs regulations have been relaxed to allow the importation of home appliances, DVD players, VCRs, game consoles, auto parts, and televisions; and private taxis have been allowed to operate without police interference (CRS REPORT 2007).

Fidel Castro's illness in July 2006, led to transfer of power for the first time since 1959. His brother Raúl assumed Fidel's role as head of state and leader of the Cuban Communist Party (PCC). In February 2008, the arrangement was made permanent when Raúl was unanimously elected president by the National Assembly. Raúl, who turned 77 in June 2008, long managed the Cuban military and this support base is key to his strategy for leading the country. Since taking over, he has for the most part not made any significant policy changes although there have some small improvements in liberalising economic and social life. In March 2009, Raúl significantly restructured his cabinet, for the most part choosing long-time allies for the top posts. The move appears to be designed to bring more efficiency to his plans for selected openings in the economy, particularly in the agriculture sector.

Dissident movements have been active despite strong repression. The European Union has underscored its dissatisfaction with the human rights situation, and a review in mid-2009 determined whether sanctions are lifted on an ongoing basis. The US has consistently opposed easing of its embargo until Cuba implements political and economic reforms. The sanctions law also precludes any major shift in US policy while either Fidel or Raúl Castro is in power. However, in March 2009, Washington lifted Bush-era restrictions on travel, and relaxed limits on the sale of food and medicine. Any more substantive US policy change is expected to come very slowly.

Even today, Helms-Burton Law of US remains a major obstacle to investment for foreign companies who wish to conduct business both in Cuba and the US. Although, US presidents continue to suspend the relevant section, the law allows for suits to be brought to US courts against foreign companies who invest in or use expropriated land formerly owned by US nationals. A stricter adherence to provisions of the Act was a priority for the Bush administration and complicated the conduct of
business. In March 2009, the Obama administration made some changes that relax the rules for doing business in Cuba. American commercial interests will continue to push for further changes, but the Obama administration is unlikely to make any precipitous changes.

The rules for doing business in Cuba are likely to continue to be opaque and arbitrary. Cuban bureaucracy functions slow and energy shortages hold back development. Cuba’s Central Bank passed a series of decrees between 2003 and 2005 to centralise the economy and eliminate the use of US currency. Increased Central Bank control over imports and the use of convertible currencies was also affected through these changes. The Central Bank has de facto control over the provision of payment for most import transactions. The ‘capitalist’ influence of foreign investment is regarded as a necessary evil to keep the regime alive economically, and openness to foreign companies’ ebbs and rises in reverse proportion with Cuba’s economic circumstances. After the economic devastation cause by the 2008 hurricanes, Cuba is back to courting foreign capital to take up investments that the government cannot afford.

(i) Changes Made by Fidel in 2006:

On 31 July 2006, Fidel Castro appointed his brother Raul as provisional head of the party, government and armed forces. Fidel assigned other responsibilities to Jose Ramon Machado Ventura and Esteban Lazo Hernandez, the Politburo members and Vice Presidents of the Council of State; Jose Ramon Balaguer Cabrera, Politburo member and Health minister; Carlos Lage Davila, then Politburo member and Vice President of the Council of State, and secretary of the Executive Committee of the Council of Ministers; Felipe Perez Roque, then foreign minister; and Francisco Soberon, president of the Central Bank.

(ii) A New President in 2008:

On 24 February 2008, National Assembly of People’s Power (ANPP) officially named Raul Castro as President of the Councils of State and Ministers. Raul had been acting in that capacity since Fidel’s provisionally stepped down because of poor health on 31 July 2006. In April 2008, Ena Elsa Velazquez Cobiella was named education minister. In October 2008, Government Minister Ricardo Cabrisas Ruiz was appointed Vice-
President of the Council of Ministers in charge of foreign economic relations. In November 2008, Rodrigo Malmierca Diaz was named minister of foreign investment and economic cooperation, Division General Ulises Rosales del Toro was named minister of agriculture, and Luis Manuel Avila Gonzalez was named minister of the sugar industry (http://www.cubavision-tv.cu/ 26 November 2008).


(iii) Reshuffle of 2009:

Raul Castro made some major reshuffle in the composition of Ministers and also included some new faces in the cabinet. In February 2009, Agriculture Minister Rosales del Toro, Transportation Minister-Jorge Luis Sierra Cruz, and Communications Minister-Ramiro Valdes Menendez were named Vice-presidents of the Council of Ministers. In the month of March 2009, many landmark changes were made in the composition of government. On 2 March 2009, the government announced several high-level changes, including the dismissals of Jose Luis Rodriguez Garcia and Otto Rivero Torres as Vice presidents of the Council of Ministers and the dismissal of Carlos Lage Davila as secretary of the Executive Committee of the Council of Ministers. Domestic Trade Minister Marino Murillo Jorge was named a Vice-president of the Council of Ministers and new secretaries of the Councils of State and Ministers were appointed. The government decided to merge the Foreign Investment and Foreign Trade Ministries and the Food and Fishing Industry Ministries, and it replaced the ministers of foreign relations, finance and prices, labor and social security, economy and planning, domestic trade, steel working, and science and technology.

On 5 March 2009 Granma published letters dated 3 March signed by Lage and Foreign Minister Felipe Perez Roque announcing their resignation from all government and party posts following Lage’s 2nd March dismissal as secretary of the

In March and April 2009, some changes occurred in PCC because Maria del Carmen Concepcion Gonzalez and Lina Pedraza Rodriguez were relieved of their secretariat duties when they were appointed heads of the Food, Finance and Prices Ministries. The resignation of Lage in March reduced the number of Politburo member to 23. In April 2009, Misael Enamorado Dager was appointed to the secretariat who was already a member of the Politburo and outgoing first secretary of the Provincial Committee of the Party in Santiago de Cuba Province.

Gradual re-engagement with the US is possible under the administration of the new President, Barack Obama. This would require strong political will on both sides to overcome resistance based on ideology and vested interests, but if it occurred it would herald new possibilities for both political and economic liberalisation. Although, full normalisation of relations is not expected, or even the lifting of the most important sanctions, such as the prohibition on Cuban exports to the US, positive gestures anticipates a slight increase in bilateral economic relations in future. With the focus of attention on the political handover, there have been no major new economic policy developments.

The Transition Debate

On transition debate, William M. LeoGrande argues that in the Cuban case, Fidel Castro’s dominance of the elite and his oft-repeated rejection of “bourgeois democracy” with its multiparty elections mean that the overt emergence of such a political reform faction within the leadership is unlikely during his lifetime. An incipient effort along these lines, spearheaded by Carlos Aldana, began prior to the PCC’s Fourth Congress and lasted until 1995. Fidel appears to have concluded; however, that political liberalisation was the fundamental mistake that led to the unraveling of socialism in the Soviet Socialist bloc and that the Chinese strategy of
combining limited economic reforms with tight political control was a better bet. The Castro regime’s political survival and gradual economic recovery since 1994 stand as evidence of the viability of this strategy, at least in the medium term. If, indeed, Fidel Castro is a hardliner on the issue of political reforms, then succession probably is the first necessary condition for a Cuban transition. After Fidel, a number of factors will come into play, making democratisation more likely. As discussed above, intra-elite debate probably will be more vigorous and wide-ranging when Castro is no longer there to serve as final arbiter of policy. More intense and open policy debate among Castro’s heirs will spark more open debate among the public. Some members of the elite – the reformers, most likely – will want to foster greater space for public discussion as a way of strengthening their hand in intra-elite argument.

Finally, the international environment into which Cuba has been reintegrating itself since the collapse of the Soviet Union puts a premium on democracy and the observance of human rights. These issues are not pressed only by the United States (though Washington has been Cuba’s most visible critic, taking the lead in international forums excoriating Cuba). Cuba’s neighbours in Latin America and its main economic partners in Canada and the European Union also have a commitment to promote these values. Despite Cuba’s longstanding sensitivity and resistance to foreign attempts to pressure the regime on domestic political issues, the international environment in which Cuba must live and do business will continue to present incentives that encourage liberalisation and discourage backsliding (LeoGrande 2002: 23-24).

In addition to the challenge of establishing new rules for policymaking and intra-elite conflict resolution, Castro’s heirs will face the challenge of establishing their legitimacy. Fidel Castro’s immense personal authority at the dawn of the revolutionary government was quintessentially charismatic – rooted in his personal courage, political savvy and heroic achievements as the leader who made the revolution. He personally has embodied the revolution more than any other founder. At key moments in the past – the clash with Urrutia, for example, and the crisis over the communist party’s precursor, the Integrated Revolutionary Organisations (ORI) – Castro withdrew his support from existing institutions and thereby brought about their
quick demise. Historically, the revolutionary regime has drawn legitimacy from Fidel Castro, not the other way around.

For Castro’s heirs, the situation will be reversed; their right to govern will derive from the legitimacy of the institutions over which they preside, not from their personal virtues, which can only appear weak and pallid in comparison to those of Fidel. Without Castro’s charismatic authority, those institutions will have less legitimacy and hence less claim on people’s unquestioning obedience. The global failure of socialism, Cuba’s subsequent economic crisis, and the reappearance of allegedly capitalist voices such as crime, corruption, and prostitution already have seriously eroded the regime’s legitimacy during the past decade (LeoGrande 2002: 20-21).

**Summary and Conclusion**

Previous four chapters have discussed the political and economic developments in Cuba since 1959 till 1995. All the major incidences have been discussed in details which caused ups and down in Fidel Castro’s active years. Castro government took many initiatives at political and economic front. Cuba survived one of the difficult periods of economic crisis in 1989 after the disintegration of USSR by taking pragmatic approach at political and economic level. In this period, government introduced a number of reforms at political as well as, economic front to stabilise the economy and reconsolidate the faith among the masses. Constitutional Changes and Electoral-Political Reforms were brought to make the system more participative. The initiative to restructure the external economic sector contributed positively to the economy by permitting Foreign Direct Investment (FDI) in selected sectors.

In the present chapter, an attempt has been made to analyse the developments at political and economic fronts since 1996 to mid-2010. The tightening of embargo by US in 1996 by Helms- Burton Act directly contributed to slowing down of economy in Cuba. To prepare strategies to face the challenges on emerging adverse situations, the Fifth Congress of PCC was held in 1997. In the Congress, the economic resolution called for greater efficiency and continued growth of the tourist sector as the leading source of hard currency and no new reforms were offered. The political resolution, entitled “The Party of Unity, Democracy, and the Human Rights We
Defend”, constituted manifesto against political liberalisation. It argued in defence of Cuba’s one-party system led by the Communist Party, in favour of socialist democracy based on mass participation rather than the bourgeois “liberalism” of contention among diverse interests, and for human rights based on social justice.

After the successful election of National Assembly held in 1998, the government introduced some new reform measures in the year 1999. The increasing unlawful activities in the first half of the decade of 1990 compelled the Cuban government to strengthen the degree of punishment. On 15 February 1999, at a Special Session of National Assembly (Asamblea Nacional del Poder Popular), passed new legislation Law 87: The Modification of the Penal Code of Cuba (Law 87), imposing the death penalty for serious cases of drug-trafficking, corruption, and armed robbery. On 19 January 2003, legislative elections were held for the National Assembly of People’s Power. The 50 per cent of the candidates were nominated at public meetings before gaining approval from electoral committees, while the other half were nominated by official mass organisations such as trade unions, farmers’ organisations and Students’ unions which is considered one of important medium to get popular support.

On Oct 21, 28 and 31 2007, the local elections were held in Cuba. These elections are of national importance as they are the only direct elections in Cuba’s political system in which municipal and provincial assemblies elect half the members of the National Assembly of People’s Power. A parliamentary election to the National Assembly of People’s Power was held in Cuba on 20 January 2008. Raúl Castro was re-elected from the second Eastern Front with 99.37 per cent of the vote and Fidel Castro was re-elected from the seventh District of Santiago de Cuba with 98.26 per cent of the vote. Vice-President Carlos Lage and President of the Assembly Ricardo Alarcón respectively won their seats with 92.40 per cent and 93.92 per cent of the vote.

On 24 February 2008, an indirect presidential election was held in Cuba, in which the National Assembly of People’s Power elected a new President of Cuba and the members of the Council of State. In the election, Raúl Castro, who had been Acting President since July 2006, was elected as President, succeeding his brother,
Fidel Castro. On 25 April 2010, the election for 169 municipalities was held to elect 15,093 delegates for all municipalities among the more than 45,000 nominated candidates by the citizens. A second round took place on 2 May, 2010 in those constituencies in which none of the candidates secured at least 50 per cent of the valid votes. After completion of this third phase of the municipal partial elections, on 19 May 2010, new municipal assemblies were constituted.

Cuba’s gross domestic product (GDP) growth steadily slowed down to 6.2 per cent in 1999, 5.6 per cent in 2000, 3.0 per cent in 2001, and 1.5 per cent in 2002, with an improvement to 2.6 per cent in 2003 and 5.0 per cent in 2004. The economy recovered due to many factors but one of the causes was increasing global prices of raw materials. In 2004, the government took initiative of de-dollarisation, In November 2004, a Resolution from the Banco Central de Cuba (BCC) rejected the use of the U.S. dollar as legal tender. This new Resolution decreed that state and mixed enterprises would no longer be authorised to make dollar bank deposits in cash, instead, they must use convertible pesos for businesses. A fee of 10 per cent (gravamen) was imposed on Cuban citizens, foreign tourists, and senders of remittances who need to convert dollars to convertible pesos at exchange houses, banks, hotels, and hard currency shops. The government implemented tough restrictions on the use of the dollar.

Fidel Castro’s illness in July 2006, led to transfer of power for the first time since 1959. His brother Raúl assumed Fidel’s role as head of state and leader of the Cuban Communist Party (PCC). On 24 February 2008, National Assembly of People’s Power (ANPP) officially named Raul Castro as President of the Councils of State and Ministers. In 2009, Raul Castro made some major reshuffle in the composition of Ministers and also included some new faces in the cabinet. This period saw a great debate on transition or continuity from Fidel to Raul Castro. The key remains about the direction and pace of reforms; whether Raul shall lead Cuba towards some kind of political liberalization which might eventually usher in competitive, party-based democracy or the regime shall be content with single communist party rule. Also at economic level, the mixing of market elements with socialist economy presents some interesting choices and dilemmas. While a capitalist economic future seems to be
ruled out, certain market elements especially those which produce greater productivity, efficiency and incentive, and integration of new technologies are being combined with elements of socialism namely, universal employment and access to social welfare and guarantees. Many of the achievements over the past twenty years have been possible for a number of reasons. Many of these reasons have been explained and analysed in the previous chapters. However, it is the successful restructuring of Cuba's external relations that have played a key role in the survival of the regime and its ability to survive through some of the worst crises at home. The next Chapter therefore deals with Cuba's external relations and engagements especially those within Latin America with Venezuela and Brazil and other so-called 'leftist' regimes in the first decade of twenty-first century. Rising prices of Cuban exports to EU, China and India have been extremely helpful. Relations with Canada not only have sustained economic reforms and growth but also has helped Cuba counterbalance to the extent possible the adversarial US actions and position. Cuba has continued to harness Non-Aligned and third world support to build moral support and support of international public opinion for its survival in the face of US intransigence and punitive measures.