

# **Cuba's Revolution Sold Out?**

***The Road from  
Revolution to the  
Restoration of Capitalism***



**By Michael Pröbsting**

**Published by the *Revolutionary Communist International Tendency***



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2013**

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By Michael Pröbsting

***This book is dedicated to all those who devote their lives to the working class' liberation struggle and to the building of the revolutionary world party without which this liberation struggle can not win.***

Published by the

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## Preface

The issue of Cuban Revolution has been of central importance to the workers' movement, not only in Latin America but throughout the entire world. Initially, the heroic struggle against the dictatorship of Batista and its paymaster – US imperialism – could only arouse the broadest sympathies of the exploited and oppressed around the globe. Subsequently, the lessons to be drawn from the Cuban Revolution, as well as a correct assessment of the Castroite leadership and its bureaucratic dictatorship, have played a central role in debates within in the socialist and anti-imperialist movements.

There is no doubt that the current economic and political developments in Cuba will again become a central issue in the coming years. This time, however, the focus will be on the restoration of capitalism taking place in Cuba and the leading role of the Castroite bureaucracy in this process.

A correct evaluation of these developments, as well as drawing the necessary conclusions for the revolutionary program and tactics, will be central not only for the working class liberation struggle in Cuba, but also for that in Latin America and, more broadly, internationally. Comprehending the Castroite march towards capitalism presupposes a correct understanding of the process of capitalist restoration in China and the latter's development into an imperialist power.

We in the *Revolutionary Communist International Tendency* (RCIT) are only too aware that the dominant forces in the workers' movement unfortunately turn a blind eye to these processes. The Stalinist and Bolivarian partisans have uncritically supported the Castroite dictatorship and its politics in the past, and all signs point to their remaining loyal to the regime even now when it is restoring capitalism. This is not surprising, since most Stalinist and Bolivarian parties also glorify imperialist China and support its domestic and foreign policy.

It is also important to explain to the supporters of various centrist-Trotskyist currents that Cuba is no longer a bureaucratically deformed workers' state, but that the regime has decisively crossed the Rubicon towards capitalism.

Naturally, these debates are not in themselves the goal, but rather are related to the burning need to build a revolutionary party in Cuba as well as worldwide. Lenin once stated: "*In its struggle for power the proletariat has no other weapon but organization.*" And indeed, without such a party the working class cannot liberate itself anywhere – neither in Cuba nor in any other country.

The RCIT and the author of these lines see this book as a contribution to the debate on Cuba's development and the task of the building the revolutionary party. Therefore, we look forward to discussing the issues covered in this book with other revolutionary organizations and activists around the world. By

doing so, we trust that the ideas and programs presented here will be clarified and improved, and that the resulting dialogue will further our joining hands, wherever possible, in our common struggle for the liberation of the working class and the oppressed.

Finally, I would like to express my sincere thanks to those comrades who have contributed to this book. As it is always the case in political thinking, this book is the result of collective collaboration and discussions with other comrades. I therefore want to thank my comrades Nina Gunić, Johannes Wiener, Shujat Liaqat, and Yossi Schwartz. I also would like to express profound gratitude to my comrade Marc Hangler who took so much work off my shoulders thereby allowing me to write this book. Last, but certainly not least, I want to thank to my comrade Gerard Stephens who took on the task of correcting my English, so influenced by German grammar.

Michael Pröbsting

Vienna, 17<sup>th</sup> August 2013

## Introduction

Cuba has become capitalist again. The Castroite-Stalinist bureaucracy has transformed itself into a new ruling class and utilizes its state apparatus to drive forward the restoration of capitalism in Cuba. Castroism is returning to its bourgeois roots. The regime is following the “Chinese road” of state-capitalist restoration. They are transforming Cuba from a degenerated workers’ state into a capitalist semi-colony which is primarily dependent on imperialist China. The task for the working class is no longer to organize a political revolution but a social revolution in order to overthrow the Castroite regime and establish an authentic workers and peasant government.<sup>1</sup>

In this book we will deal first with the history of the Cuban Revolution and the role of the Castroite M-26-7 movement as well as of the Stalinist PSP. We will outline the dynamic of class struggle and the lack of revolutionary leadership which led the overthrow of capitalism under the control of the counter-revolutionary bureaucracy which emerged out of a fusion of the Castroite M-26-7 with the Stalinist PSP apparatus.

In a second part we will elaborate on the Marxist theory of the degenerated workers states which were ruled by a Stalinist bureaucracy. We show that Trotsky – who was, together with Lenin, the leader of the Bolshevik October Revolution in 1917 and later the founder of the Fourth International – already foresaw that the degenerated workers states inevitable had to decompose and be replaced either by a successful working class political revolution or a capitalist counterrevolution. We will elaborate that the petty-bourgeois, non-proletarian character of the Castroite and Stalinist bureaucracy is the key to understanding both the nature of the degeneration of the Cuban revolution in 1959-61 as well as the capitalist restoration which is currently taking place on the island. We will summarize Trotsky’s theory of Permanent Revolution as well as the Trotskyist program against the Castroite-Stalinist regime.

In chapter three we discuss concretely the advance of the capitalist restoration, the measures of the Castroite regime and how it became a capitalist-restorationist

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<sup>1</sup> The comrades of the *Liaison Committee of Communists* have recently published a substantial document titled *Cuba Sold Out*. In this article they arrive to the conclusion, that Cuba has become capitalist in the last years. (See at the CWG(A/NZ) website <http://redrave.blogspot.co.at/2013/06/cuba-sold.html>) They prove convincingly that the Castroite bureaucracy has allied itself with Chinese imperialism and that it follows the state-capitalist road of restoration. In discussing a draft of this document, the RCIT came to the conclusion that the comrades are correct on this issue. We decided to study the capitalist restoration in Cuba in a broader context, i.e., the history of the Cuban Revolution as well as its Stalinist degeneration and to relate these questions with the Marxist theory of the state. This book is the result of the RCIT’s discussions.

regime in 2010/11. We will also show the important role of the emerging imperialist power China in this process.

In the last chapter we will elaborate key elements of a program for socialist revolution in Cuba and the urgent need for building a revolutionary party as part of the revolutionary Fifth Workers International which is the central goal of the our international organization – the *Revolutionary Communist International Tendency* (RCIT)

## Chapter I: The Cuban Revolution 1959-61

Before we analyse the present process of capitalist restoration in Cuba we shall first deal with the emergence of modern Cuba. As it is widely known, Cuba was ruled by the dictatorship of Fulgencio Batista before the revolution in 1959 and was highly dependent on and exploited by US imperialism. Under Batista's regime, the secret service murdered about 20,000 people. Misery was widespread. Even in 1957, the best year economically during the middle 1950s, 17% of the labour force was unemployed, while another 13% was under-employed. In the country's most important economic sector – the sugar industry, which employed about 475,000 workers (i.e., a quarter of the country's labor force) – 60% of the workers were employed only for six months or less and only 30% were employed for more than ten months. Even the middle class faced stagnation in its income. In 1958, Cuban per capita income was at about the same level as it had been in 1947.<sup>2</sup>

### Misery and Imperialist Super-Exploitation before the Cuban Revolution in 1959

The country was chronically weak in development and the bourgeoisie was particularly parasitic – even for regional standards. This reflected the fact that Cuba was a colony much longer, first of Spain and then the United States, than most Latin American countries which achieved independence from the Spanish and Portuguese *conquistadores* much earlier in the 19<sup>th</sup> century. This extraordinary backwardness of the Cuban capitalist class and its total subordination to US imperialism was reflected in the extraordinary low level of capital accumulation. Between 1946 and 1952 capital accumulation – calculated as Gross Fixed Investment as a percentage of Gross Income – was only 9.3% in Cuba. (By comparison: In the same period, the share in Argentina was 18.7%, in Brazil 15.7% and in Mexico 13.4 %.) Not surprisingly, Cuba's industry was poorly developed – most importantly the sugar production. At the same time, Cuba was a relative urbanized country: in 1953, about 57% of the population

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<sup>2</sup> Most figures in this chapter have been reproduced from Louis A. Perez: Cuba, c. 1930-59; in: The Cambridge History of Latin America, Volume VII, Latin America since 1930: Mexico, Central America and the Caribbean, New York 1990, pp. 419-455 as well as Jorge Domínguez: Cuba since 1959; in: The Cambridge History of Latin America, Volume VII, Latin America since 1930: Mexico, Central America and the Caribbean, New York 1990, pp. 457-508; Jaime Suchlicki; Historical Setting; in: Cuba a country study, Federal Research Division Library of Congress, Edited by Rex A. Hudson, Washington 2002, pp. 1-88

lived in cities.

US capital completely dominated Cuba's economy – in particular sugar, mining, utilities, banking and manufacturing. US monopolies controlled 90% of the mining, telephone and electricity services in Cuba, 50% of railroads as well as land and 40% of sugar production. Cuban branches of US banks held 25% of all bank deposits. US Foreign Direct Investment in Cuba reached a peak of \$1 billion in 1958 (\$386 million in services, \$270 million in petroleum and mining, \$265 million in agriculture and \$80 million in manufacturing). The United States were also the destination of about two-thirds of Cuban exports and supplied about three-quarters of its imports. The importance of these figures is underlined by the fact that foreign trade accounted for about two-thirds of Cuba's estimated national income at that time.

Cuba was an important destination for the US monopolies' capital export in the 1950s. In 1929, 27.3% of all US investments in Latin America went to Cuba.<sup>3</sup> In 1959 the value of US investments in Cuba exceeded that in every other Latin American country except Venezuela.

## Revolutionary Upeavals and Treacherous Stalinists

The brief description given above shows that Cuba before 1959 was a capitalist semi-colony dependent of US imperialism, ruled by a reactionary dictatorship, in which the working class as well as the peasantry and the middle class faced depressing living conditions. In other words, Cuba was rife for revolutionary upheavals.

And indeed the country was shattered by many militant struggles both in the cities as well as in the countryside. However – as is so often the case – the working class and the peasantry did not have an authentic revolutionary party at its leadership but instead was led by the Stalinist Communist Party (PCC) as well as petty-bourgeois nationalists.

In March 1930, a general strike was organized by the outlawed *Confederación Nacional Obrera de Cuba* (CNOO) – the country's trade union federation which was led by the PCC. 200,000 workers took part and paralyzed the island. The general strike ended only after fierce repression, arrests, torture and assassinations became commonplace. In September of the same year, an anti-government protest of students resulted in violence and the closing of the university. Militant strikes also occurred in 1929 and 1930 in key sectors of the economy like cigar-manufacturing, metallurgy, construction and textiles.

In August 1933, an even more militant general strike took place which inaugurated a revolutionary situation. The sugar workers set up soviets and armed militias. However, the revolution was betrayed by the rotten leadership of the Stalinist PCC. It agreed to a deal with the regime of Machado and called workers to stop the strike and go back to work in return for a few promises

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<sup>3</sup> George Lambie: *The Cuban Revolution in the 21st Century*, Pluto Press 2010, p. 120

from president Machado, like the official recognition of CNOC and the release of all imprisoned. The Havana Federation of Labor and most workers refused to comply, Machado was finally forced to flee, but the revolutionary momentum was lost. In the next years, more strikes and general strikes followed.<sup>4</sup>

The continuing class polarization and political instability were the background for the guerilla movement which was started by Castro and his *Movimiento 26 de Julio* (M-26-7) in the early 1950s.

The Stalinist PCC (now renamed into PSP, Popular Socialist Party) however followed – as it was the general line of the Stalinized Comintern from the 1930s onwards – the reformist policy of the popular front, i.e., forming political alliances with petty-bourgeois and bourgeois forces and subordinating working class interests to those of to their allies. In this context, between 1937-39 the PCC formed an alliance with the bourgeois pro-US regime of Batista which came to power via a military coup in September 1933 and ruled until 1944. It praised the latter as a “great democrat” and a “leading exponent of our national policy, a personification of the holy ideals of Cuba”.<sup>5</sup> The PSP supported this “great democrat” at the elections in 1940 and – after his victory – two of their leaders became ministers in Batista’s government. While this alliance was not renewed during Batistas second period of rule (1952-1959), the PSP nevertheless refrained from playing an active role in the revolutionary struggle against the dictatorship.

Juan Marinello, one of the two Stalinist former ministers of Batista cabinet and later a member of Castro’s Politburo, stated in 1957 his reformist opposition to the armed struggle because “there’s no need for a popular insurrection”. When the M-26-7 leadership called for a general strike to support guerilla actions, the PSP leadership failed to support it. Unsurprisingly, Castro denounced them in that they had “sabotaged the strike to promote the downfall of the (M-26-7) Movement.” Later, Castro was to say in an interview to the *Look* magazine that “the Cuban Communists...have never opposed Batista, for whom they have seemed to feel a closer friendship.”<sup>6</sup>

Only in 1958, when it became clear that Batista was losing the civil war and that the M-26-7 was likely to take power soon, did the Stalinists form an alliance with Castro.

Even after the revolutionary overthrow of the Batista regime, did the PSP – trapped in its reformist two-stage-theory – oppose the expropriation of the bourgeoisie. As late as August 1960, just two months before Castro’s sweeping

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<sup>4</sup> See on this for example Gary Tennant: *Dissident Cuban Communism: The Case of Trotskyism, 1932-1965*, 1999, <http://www.cubantrotskyism.net/PhD/central.htm>, Chapter 3.2; Gary Tennant: *The Background: Nationalism and Communism in Cuba*, in: *The Hidden Pearl of the Caribbean. Trotskyism in Cuba, Revolutionary History* Vol. 7, No. 3, London 2000, pp. 9-39; Louis A. Perez: *Cuba, c. 1930-59*; in: *The Cambridge History of Latin America*, Volume VII, Latin America since 1930: Mexico, Central America and the Caribbean, New York 1990, pp. 419-455.

<sup>5</sup> Quoted in Hans Magnus-Enzensberger: *Bildnis einer Partei. Vorgeschichte, Struktur und Ideologie der PCC*, in: *Kursbuch* No. 18, Frankfurt a.M. 1969, p. 195

<sup>6</sup> Quoted in F. Lennox Campello: *The Cuban Communist Party’s Anti-Castro Activities, 1987*, <http://campello.tripod.com/castro.html>

nationalization of the economy, the Stalinist leader Bias Roca announced that the Cuban Revolution was not socialist, but '*bourgeois-democratic*'.<sup>7</sup>

## The Petty-Bourgeois Castroite *Movimiento 26 de Julio*

The *Movimiento 26 de Julio* was a petty-bourgeois revolutionary-nationalist force. It was a popular-frontist movement which included both open bourgeois figures like Hubert Matos as well as left-wing forces around Che Guevara and Raúl Castro. Fidel Castro played the role of a bonaparte (the "*lider maximo*") balancing between, and obscuring, these divisions.

The movement as a whole with Fidel Castro at the top followed a bourgeois program of reforms. This already became clear in Fidel Castro's famous speech in 1953 in which he outlined the main demands of his movement: public investment for industrialization, land reform, reduction of housing rents and an education reform:

*"A revolutionary government backed by the people and with the respect of the nation, after cleansing the different institutions of all venal and corrupt officials, would proceed immediately to the country's industrialization. (...) After settling the one hundred thousand small farmers as owners on the land which they previously rented, a revolutionary government would immediately proceed to settle the land problem. First, as set forth in the Constitution, it would establish the maximum amount of land to be held by each type of agricultural enterprise and would acquire the excess acreage by expropriation, recovery of swampland, planting of large nurseries, and reserving of zones for reforestation. Secondly, it would distribute the remaining land among peasant families with priority given to the larger ones, and would promote agricultural cooperatives for communal use of expensive equipment, freezing plants and unified professional technical management of farming and cattle raising. Finally, it would provide resources, equipment, protection and useful guidance to the peasants. (...) A revolutionary government would solve the housing problem by cutting all rents in half, by providing tax exemptions on homes inhabited by the owners; by tripling taxes on rented homes; by tearing down hovels and replacing them with modern apartment buildings; and by financing housing all over the island on a scale heretofore unheard of, with the criterion that, just as each rural family should possess its own tract of land, each city family should own its own house or apartment. (...) With these three projects and reforms, the problem of unemployment would automatically disappear and the task of improving public health and fighting against disease would become much less difficult. Finally, a revolutionary government would undertake the integral reform of the educational system."*<sup>8</sup>

<sup>7</sup> Quoted in Joseph L. Love: Economic ideas and ideologies in Latin America since 1930 393; in: The Cambridge History of Latin America, Volume VI, Latin America since 1930: Economy, Society and Politics Part 1 Economy and Society, New York 1994, p. 442

<sup>8</sup> Fidel Castro: Die Geschichte wird mich freisprechen (1953); in: Fidel Castro: Fanal Kuba, Berlin 1963, pp. 25-27; in English: History Will Absolve Me, <http://www.marxists.org/history/cuba/archive/castro/1953/10/16.htm>

In no way did the M-26-7 desire an overthrow of capitalism. In the manifesto from November 1956, the M-26-7 even stated:

*“With regard to the specific relations between Cuba and the United States, the 26<sup>th</sup> of July Movement formulates a doctrine of constructive friendship.”*<sup>9</sup>

Castro publicly opposed any plans for nationalization and his wish not to “*enfeeble private enterprises*”:

*“Let me say for the record that we have no plans for the expropriation or nationalization of foreign investments here. True, the extension of government ownership to certain public utilities – some of them, such as the power companies, U.S. owned – was a point of our earliest programs; but we have currently suspended all planning on this matter. I personally have come to feel that nationalization is a cumbersome instrument. It does not seem to make the state any stronger, yet it enfeebles private enterprises.”*<sup>10</sup>

However what differentiated them from the Stalinists was that they fought for their bourgeois reform program with revolutionary means – i.e., an armed guerilla struggle. While this heroically struggle certainly differentiated the Castros, Guevaras, et al. positively from the pathetic Stalinist bureaucrats and made them models for liberation movements for many years throughout the entire world, it was a petty-bourgeois, not a proletarian, strategy. The M-26-7’s guerilla tactics, focused on the Sierra Maestra and other rural areas, as the main form of struggle to which strikes in the cities only played a supportive role, guaranteed that the working class could not play an active and leading role in the country’s civil war. Quite the opposite, it guaranteed that the guerilla leadership around Castro controlled the arms and could take power without any control by the working class.

This did not mean that the M-26-7 movement simply ignored the working class. They indeed organized an underground *Sección Obrera* which had about 15,000 members. Later the M-26-7 helped to launch the *Frente Obrero Nacional Unido* (FONU) together with other unions. This new organization adopted a 12-point programme that called for a 20% wage increase, for opposition to mechanization along with other measures against unemployment, for an end to racial discrimination, for social protection for women, children and the unemployed, for the reinstatement of victimized workers, for trade union democracy and the end to the compulsory check-off as well as for the reinstatement of the 1940 constitution.<sup>11</sup>

The workers section of the M-26-7 played an important role in organizing

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<sup>9</sup> Kepa Artaraz: *Cuba and Western Intellectuals since 1959*, New York 2009, p. 31; see also on the so-called *Sierra Manifesto* Julia E. Sweig: *Inside the Cuban Revolution: Fidel Castro and the urban underground*, Harvard University Press 2004, pp. 29-38. In October 1958 Castro said that it was the desire of the movement to establish the best and friendliest relations with the United States (quoted in: Ross E. Chapman: *The Socialist Evolution of The Cuban Revolution 1948-1960* (1973). Honors Theses. Paper 875, p. 109).

<sup>10</sup> Quoted in: Ross E. Chapman: *The Socialist Evolution of the Cuban Revolution 1948-1960* (1973). Honors Theses. Paper 875, p. 69

<sup>11</sup> See Steve Cushion: *The Cold War and Organised Labour in Batista’s Cuba*, Institute for the Study of the Americas, p. 11

several political general strikes in which sugar workers were actively involved. Thus, for example, during the strike which started on 30<sup>th</sup> November 1956, the workers in the processing plant of the 'Ermita' sugar estate, where the M-26-7 had two active cells, successfully attacked the police barracks on the plantation.<sup>12</sup>

While the M-26-7 supporters called this combination of mass action with armed resistance and sabotage '*sindicalismo beligerente*', the fact remains that such working class action always only played a supportive role for the M-26-7's main form of struggle – the rural guerilla war. In contrast to the Bolsheviks and the socialist revolution they led in 1917, the workers organizations and struggle never became the heart of the M-26-7's struggle and the movement itself.

The petty-bourgeois character of the M-26-7 is also reflected in its social composition. Most of its leaders were university students and intellectuals and about 3/4 to 4/5 of the guerillas were peasants.<sup>13</sup> (We remind our readers that about 57% of the population lived in cities.)

An interesting and positive aspect of the M-26-7 movement was the fact that they had a number of women in its ranks. While they certainly didn't play an equal role in the movement, it was exceptional in Latin America in the 1950s that the Cuban guerilla had a number of female fighters – there was even a women-only platoon, the "*Mariana Grajales Women's Platoon*" formed in September 1958 by Fidel Castro. There were also many women active in urban underground work. Some even became leader like Celia Sánchez (the first woman to ever participate in combat, who became a top strategist during the struggle) and Vilma Espín (who became the President of the Federation of Cuban Women and a member of the Central Committee of the PCC).<sup>14</sup>

Finally, the bourgeois reform orientation of Castroism also became apparent in its concrete measures after taking power in January 1959. The M-26-7 leadership appointed the liberal judge Manuel Urrutia as president. Jose Miró Cardona, president of the Havana Bar Association, became prime minister. Foreign minister Roberto Agramonte was the dean of the philosophical faculty of the university in Havana, former ambassador and a leader of the bourgeois opposition party *Partido del Pueblo Cubano (Ortodoxos)*. Luis Orlando Rodríguez – a newspaper owner – became interior minister, the lawyer Humberto Sorí agriculture minister and Manuel Ray, who was the architect of the Hilton hotels in Havana, was appointed as minister for public works.<sup>15</sup>

<sup>12</sup> See Steve Cushion: Cuban Popular Resistance to the 1953 London Sugar Agreement, Institute for the Study of the Americas, University of London, Commodities of Empire Working Paper No.15, March 2010, p. 12

<sup>13</sup> Figures from the pro-Castroite publication of the US magazine Monthly Review Leo Huberman and Paul Sweezy: Cuba. Anatomy of a Revolution, New York 1960, p. 74

<sup>14</sup> See Julie D. Shayne: The Revolution Question: Feminisms in El Salvador, Chile, and Cuba, Rutgers University Press 2004, pp. 115-134 as well as the interesting biography of Sánchez by Richard Haney: Celia Sánchez: Cuba's revolutionary heart, Algora Publishing 2005.

<sup>15</sup> See on this Leo Huberman and Paul Sweezy: Cuba. Anatomy of a Revolution, New York 1960, p. 84

When we look more closely to the concrete measures undertaken by the new government after the overthrow of Batista in January 1959, it becomes obvious that no social revolution was planned by the new authorities, but rather a number of limited bourgeois-democratic reforms. They were well inside the framework of capitalism. As promised by Castro, the urban rents were lowered by 30-50% and urban and rural workers got wage increases. Government expenditure on social services (health, education and housing) was raised from \$390 million to \$1,321 million. *“Conservative estimates have allowed that the sum effect of the various measures adopted between 1959 and 1961 was to transfer at least 15 percent of the Cuban national income from property-owning groups to the working masses.”*<sup>16</sup>

As stated above, the center piece of the program of the Castroite rebels was the agrarian reform. The *Agrarian Reform Law* of 17<sup>th</sup> May 1959 decreed that the maximum size of private farm was 30 *caballerías* (about 402 hectares), except for those where productivity was 50% above the national average. The latter could be as large as 100 *caballerías*. Foreigners were prohibited from owning land as well as sugar mills, and tenancy, sharecropping, and similar agreements were prohibited. Where the land was already divided and had formerly been worked by tenant peasants or sharecroppers, it was distributed to them in parcels of 5 *caballerías* (67 hectares) each.<sup>17</sup> Where estates had been organized as a farming unit, the unit was preserved and cooperatives or state farms (*granjas*) were set up.<sup>18</sup>

While this agrarian reform of the new Castro government was without doubt progressive, it remained clearly within the limits of capitalism and left a substantial rural bourgeoisie in power. This was also true after two other more radical laws, which expropriated the US capitalists as well as the Cuban sugar mill owners. These limitations were even admitted by passionate supporters of new Cuban regime like the pro-Castro Stalinists of *Monthly Review*: *“... even after all the reforms of 1959-1960, Cuban agriculture was still characterized by a markedly unequal division of land.”*<sup>19</sup>

Nevertheless, even after these three reforms, the private sector accounted for 56% of all agricultural land. From Table 1 we can see that the rural bourgeoisie – about 11,000 agrarian capitalists (6.8% of all private farms and – including their families – less than 1% of the total population) – owned 47.2% of all private land, which was nearly a quarter of the whole agricultural land in Cuba.

<sup>16</sup> See Celso Furtado: *Economic Development of Latin America. Historical Background and Contemporary Problems*, New York 1984, p. 288

<sup>17</sup> Former tenants, sharecroppers, and squatters got two *caballerías* of the land they had tilled free, and the owners of the land could be compelled to sell them three more *caballerías* for a total of five.

<sup>18</sup> See Celso Furtado: *Economic Development of Latin America. Historical Background and Contemporary Problems*, New York 1984, p. 287; Otto T. Solbrig: *Structure, Performance, and Policy in Agriculture*; in: *The Cambridge Economic History of Latin America, Volume II: The Long Twentieth Century*, New York 2006, p. 500

<sup>19</sup> Leo Huberman and Paul Sweezy: *Socialism in Cuba*, New York 1969, pp. 111

**Table 1**                      **Cuba: The Private Sector in Agriculture 1961** <sup>20</sup>

<i>Size of Farms</i>	<i>Number of Farms</i>	<i>Thousands of Hectares</i>
Up to 67 Hectares	154,703 (93.2%)	2,348.1 (52.8%)
67 to 134 Hectares	6,062 (3.7%)	607.5 (13.6%)
134 to 268 Hectares	3,105 (1.9%)	610.3 (13.7%)
268 to 402 Hectares	1,457 (0.88%)	507.6 (11.4%)
Over 402 Hectares	592 (0.35%)	377.5 (8.5%)
Total	165,919 (100%)	4,451.0 (100%)

It was only via a second agrarian reform, in 1963, that all private land beyond five *caballerías* was expropriated. Owners were compensated with up to 250 pesos a month for ten years. Against its initial intentions, the Castroite government was forced to go further than they wanted. While they initially wanted a democratic and more socially just capitalism, they were compelled to completely liquidate the bourgeoisie since the later was conspiring – together with US imperialism – for counterrevolution.

Even the pro-Castro Stalinists of Monthly Review were forced to admit that the Cuban government expropriated the rural bourgeoisie only when it was forced because of the civil war and imperialist aggression:

*“This was a rural bourgeoisie in the full sense of the term and, as was to be expected, it was in its great majority hostile to the Revolution. This hostility was manifested in many ways (...) but above all by providing a social base for the counterrevolutionary guerilla bands recruiting largely among exiles and armed by the CIA. (...) and the possibility of a new and bigger Bay of Pigs invasion was always present. Under these circumstances, the revolutionary government (...) decided to liquidate the counterrevolutionary rural bourgeoisie.”* <sup>21</sup>

## **Background of Cuba’s Liquidation of Capitalism**

However, due to a combination of specific circumstances, the Castro regime was forced to go much further than it intended. Contrary to the original intentions of the Castroite leadership and the Stalinist PSP, Cuba underwent a social transformation from a capitalist semi-colony into a degenerated workers state in 1960.

So why did it take place? The reason was the combination of extraordinary circumstances:

i) The Castro leadership was under extreme pressure from the popular masses who expected a radical transformation of the country and their living conditions after the fall of Batista, and who therefore launched a wave of strikes

<sup>20</sup> Leo Huberman and Paul Sweezy: *Socialism in Cuba*, New York 1969, p. 112, our calculations

<sup>21</sup> Leo Huberman and Paul Sweezy: *Socialism in Cuba*, New York 1969, pp. 112-113

and mass mobilizations when their expectations were not met.

ii) US imperialism was not prepared to accept even bourgeois-democratic reforms (in particular the agrarian reform) and the refining of Soviet oil. It presented the Castroite leadership with the choice either to capitulate or to break with US imperialism.

iii) Finally the Castro leadership was not only under massive pressure both from below (the masses) as well as from above (US imperialism) – it was also offered a way out of this *cul-de-sac*: the Soviet bureaucracy was willing – against the backdrop of the Cold War with US imperialism – to politically and economically support Cuba as an outpost.

Under these specific circumstances, the Castroite regime could now transform itself from a petty-bourgeoisie bureaucracy at the top of a disintegrating capitalist semi-colony into a petty-bourgeoisie bureaucracy at the top of a degenerated workers state. In this way, it could solve the following problems:

a) It could make substantial social concessions to the masses, pacify them and at the same time impose a political dictatorship over them.

b) It could – with the help of the USSR – withstand the massive pressure of its giant neighbour, the greatest imperialist power on earth.

c) Consequently, it could – as a bureaucratic caste – retain a leading position in the Cuban society with all the material privileges associated with it.

## **i) The Cuban Working Class as an Active Force in the Revolution**

Let us now explain this in more detail. It is a widespread myth – propagated by Castroists, various Western centrists, as well as liberals – that the Cuban Revolution was made by a few hundred armed guerrillas. The working class – so it is said – was passive throughout the revolutionary events.

Centrist tendencies like the *International Socialist Tendency* of the late Tony Cliff (SWP in Britain) even used this myth to justify their fundamental revisions of Trotsky's theory of Permanent Revolution: "*A case in which neither the working class nor the peasantry played a serious role, but where middle-class intellectuals filled the whole arena of struggle, is Fidel Castro's rise to power.*"<sup>22</sup>

Based on this distortion of history the Cliff/IST tradition claims that the tasks of the permanent revolution don't need to be fulfilled by the working class but can be implemented by the petty-bourgeois intelligentsia (which they call the theory of the "*deflected permanent revolution*"):

*"The impotence of the contending social classes, workers and capitalists, peasants and landlords, the inherent historical weakness of the middle class, and the omnipotence of the new Castro elite, who were not bound by any set of coherent, organised interests,*

<sup>22</sup> Tony Cliff: *Die Ursprünge der Internationalen Sozialisten*, Frankfurt a.M. 2000, p. 69; in English: Tony Cliff: *Deflected Permanent Revolution, International Socialism* (1st series), No.12, Spring 1963, (1963), <http://www.marxists.org/archive/cliff/works/1963/xx/pemrev.htm>

*explains the ease with which Castro's moderate programme of the years 1953-58, based on private enterprise, was cast aside and replaced by a radical programme of state ownership and planning. It was not before 16 April 1961 that Castro announced that the revolution had been socialist."*<sup>23</sup>

However, the truth is that the working class was not at all passive but played a highly active role in the revolutionary process in the years before the Revolution as well as during the revolutionary years 1959-61.

As we have already mentioned, the Cuban working class played a central role in launching several mass and general strikes and, above all, the revolutionary uprising in August 1933 which was betrayed by the Stalinists. During the 1940s, Cuba had the highest percentage of trade unionised workers in Latin America. When Batista took power in 1952 by a coup d'état, the British embassy reported in an internal memorandum on its background: *"I am more and more convinced that the basic reason for the Armed Forces having staged the revolution was their utter disgust of the growing and unrestrained power of Labour."*<sup>24</sup>

Under the Batista dictatorship, workers were faced with brutal repression as well as the trade union leadership of Eusebio Mujal, who collaborated openly with Batista. However despite these difficult conditions a number of important struggles took place. In September 1955, there were a series of bank strikes led by opponents of Batista. An even more important struggle took place in December 1955 when more than 200,000 sugar workers went on strike in protest against a government move that would have reduced their wages. Strike leaders included members of the PSP and the M-26-7, and even some pro-Mujal union officials who felt the need to support the strike to maintain some support in the rank and file. The strike received broad solidarity, including from students. The M-26-7 leader Armando Hart reported: *"A number of towns were virtually taken over by the strikers and supporters. Virtually all economic activity in these towns was paralysed, leading them to be termed 'dead cities'"*<sup>25</sup>

Other major working class struggles before the revolution were the Santiago strike of August 1957 and the attempted general strike of April 1958. The latter one failed because the petty-bourgeois M-26-7 leadership organized it in a secret, bureaucratic way so that workers did not know about it in advance as well as the Stalinist PSP refusal to support it.

The high point, obviously, was the final general strike in early January 1959 which occurred in parallel with the downfall of Batista and the victory of the rebel movement. It lasted for one week and demonstrated that the Revolution was not a *coup d'état* but a popular supported overthrow of the Batista dictatorship.

However, the general strike in early January did not signal the end working class

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<sup>23</sup> Tony Cliff: Deflected Permanent Revolution, International Socialism (1st series), No.12, Spring 1963, (1963), <http://www.marxists.org/archive/cliff/works/1963/xx/permrev.htm>

<sup>24</sup> Quoted in Steve Cushion: The Most Expensive Port in the World: Dock workers and the Cuban Revolution 1948-1959, Society for Caribbean Studies Annual Conference Papers 2010, p. 1

<sup>25</sup> Quoted in Chris Slee: Cuba: How the Workers and Peasants Made the Revolution, Resistance Books 2008 (DSP Australia), p. 16

activities, but rather inaugurated a whole new period of highly intensive class struggle. In fact, after the revolutionary overthrow of the Batista dictatorship, a wave of spontaneous workers strikes, occupations as well as land seizures by the peasants broke out. As a result, during 1959 there were four more general strikes on 21 January, 13 March, 23 July and 25 October. They were called by the CTC which was now under the control of the M-26-7 bureaucrats but which was also under massive pressure from the rank and file workers.

Steve Cushion, a socialist historian and author of a number of studies about the Cuban workers movement, writes about the situation after the general strike in early January 1959: *"The strike also served as a launch pad for a wave of strikes and demonstrations organised by the purged trade unions whose new local leaders responded to the upsurge of militancy by workers wanting to reclaim the losses they felt they had suffered under the dictatorship because of the collaborationist policies adopted by the CTC under Mujal. Strikes and the threat of strike action became common and workers made considerable gains in wages and conditions during the first half of 1959, frequently with the support of the new Ministry of Labour. As the immediate demands were settled and the first wave of enthusiasm receded, the Ministry and the national leadership of the CTC increasingly imposed a restraining hand, which was at first opposed by a PSP that had been excluded from the CTC leadership."*<sup>26</sup>

The active role and pressure of the Cuban workers during the militant years 1959-60 is even admitted by anti-communist opponents of the revolution like Efren Cordova, a well-known historian of the Cuban labor movement. He writes:

*"Another device developed during this period [early 1960] was the direct occupation of the business concerned by the workers, following a real or fabricated dispute, as a pretext for government intervention ... The pattern for the takeover was for the workers to discuss with management a series of demands threatening a strike unless all of them were met. Usually included among the demands ... was an outright call for the management's resignation. When the demands were turned down, the group of workers involved proceeded to occupy the enterprise concerned. Street demonstrations usually followed the occupation."*<sup>27</sup>

The British embassy sent a frightened report to London: *"As of labour, I hear on all sides that it is getting completely out of hand."*<sup>28</sup>

However, as in so many revolutions of the past century, the militancy of the working class was not equaled by an appropriate, politically mature and class-conscious leadership. The Cuban Trotskyists, while rooted in the working class, were too small in numbers to challenge the Castroite and

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<sup>26</sup> Steve Cushion: *Working Class Militancy and the Downfall of Batista: the relationship between mass action and the armed struggle in Cuba 1952-59*, 2007, p. 30

<sup>27</sup> Quoted in Chris Slee: *Cuba: How the Workers and Peasants Made the Revolution*, Resistance Books 2008 (DSP Australia), p. 29

<sup>28</sup> Quoted in Steve Cushion: *Organised labour and the Batista regime: A British diplomatic perspective*; in: *The International Journal of Cuban Studies*, Vol. 2, No. 1 (June 2009), p. 70

Stalinist misleaderships.<sup>29</sup> As a result, no revolutionary party of the working class existed. The class struggle therefore, while putting massive pressure on the existing petty-bourgeois leaderships, would in the end be diverted to safe channels by those leaderships, stopping the working class from taking power.

During the weeks following the victorious uprising, the Castroite M-26-7 leadership managed to get its bureaucrats elected to top posts of the CTC. This was not surprising since they had a huge prestige after the revolution. Given the still existing friction between the Castroites and the Stalinists, the former made sure that the PSP bureaucrats were excluded from the CTC leadership. (They were re-integrated later in that year.)

The anti-working class nature of the M-26-7 was once more demonstrated by its reaction to the upswing of class struggle. Worried by the spontaneous spread of mass strikes, the Castroite M-26-7 used its newly won hegemony in the trade union movement to get the CTC leadership to announce a six month no-strike pledge.

The Cuban socialist historian Samuel Farber confirms this reactionary position of the Castroite leadership as well as the conservative position of the Stalinists:

*"Castro's government, very much afraid of losing control of the working class, let alone afraid of economic instability, tried to discourage strikes. The government convinced the new revolutionary union movement led by David Salvador, a former Communist who had become a 26th of July Movement leader in the clandestine struggle against Batista, to go along with its efforts in this direction. For their part, the Communists still had an arms-length relationship with the government and tried to push it in a more radical direction. While the PSP voluntarily avoided calling for or encouraging strikes even in the earliest days of the revolution, the party took the position that "strikes, when they are necessary and just, help rather than harm the Revolution."*<sup>30</sup>

Similarly, the victorious uprising in January opened a number of land seizures by poor peasants. Again the M-26-7 leadership reacted with hostility. In a TV interview on 19.2.1959, Castro announced:

*"We are opposed to anarchic land distribution. We have drafted a law which stipulates that (persons involved in) any land distribution which is made without waiting for the new agrarian law will lose their right to benefits from the new agrarian reform. Those who have appropriated lands from January 1 to the present date have no right to those lands. Any provocation to distribution of lands disregarding the revolutionaries and the agrarian law is criminal."*<sup>31</sup>

Three days later, the Stalinist PSP, which had initially supported the land

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<sup>29</sup> On the history of the Cuban Trotskyists see Gary Tennant: Dissident Cuban Communism: The Case of Trotskyism, 1932-1965, 1999, <http://www.cubantrotskyism.net/PhD/central.htm>; The Hidden Pearl of the Caribbean. Trotskyism in Cuba, Revolutionary History Vol. 7, No. 3, London 2000

<sup>30</sup> Samuel Farber: Cuba's Workers After the Revolution (Excerpts from his book "Cuba Since the Revolution of 1959"), December 7, 2011 <http://www.havanatimes.org/?p=57178>

<sup>31</sup> Quoted in Samuel Farber: Revolution and Reaction, 1933-1960, Wesleyan University Press, 1976, p. 230

seizure in order to regain some support, published a statement agreeing with Castro *“that it was necessary to put a stop to the anarchic seizures of land.”*<sup>32</sup>

Nevertheless, during this revolutionary period, many poor peasants took over land without formal approval by the state bureaucracy. This becomes obvious if we examine the following figures. During 1959 and 1960, the number of peasants who actually received property titles was small: at 31,500. However, three to four times as many peasants gained access to land without formal property rights.<sup>33</sup>

Another crucial development in the revolutionary process in Cuba in 1959-61 was the formation of popular armed militias. This was the result of the determination of the masses to defend the gains of the revolution against its combined foreign and domestic enemies, despite the numerical weakness of the rebel army, which still compromised only a few thousand fighters. Consequently, as early as the summer of 1959, class-conscious sectors of the working class, poor peasants as well as militant women organizations, demanded the arming of the people. Referring to various resolutions from mass assemblies, the historian Albert Manke reports:

*“In many sectors the popular call for arms to defend the revolution and the Revolutionary Government came up and—mostly in leftist labor sectors, but too in the emerging associations of humble peasants and specific organizations like the Unidad Femenina Revolucionaria—partly converted into the foundation of popular militias.”*<sup>34</sup>

While the Castroite government had an interest in arming the people, at the same time it very much wanted to control this drive towards popular armament. Their interest in supporting distribution of arms to the people was the defense of the revolution, and hence their own power. But they were determined to avoid an independent armed mass organization which could have questioned and endangered the Castroite/Stalinist bureaucracy.

The lack of a strong revolutionary party, which would have impelled such an independent armed mass organization, led to the successful channeling of the popular militias. Manke summarizes: *“In the beginning of January 1960 that relatively spontaneous movement of support for the defense of the revolution and of the Castro government started to be channeled into an armed institution called National Revolutionary Militias (MNR) directed by the Ministry of the Revolutionary Armed Forces (MINFAR).”*<sup>35</sup> Later, in 1964, the militias were dissolved and the *Fuerzas*

<sup>32</sup> Declaraciones del PSP: El PSP pide a los campesinos que impidan pro si mismo las ocupaciones de tierras; Considera innecesaria y peligrosa la Ley 87,” Hoy, 22 febrero 1959; quoted in Samuel Farber: Cuba’s Workers After the Revolution (Excerpts from his book “Cuba Since the Revolution of 1959”), December 7, 2011 <http://www.havanatimes.org/?p=57178>

<sup>33</sup> Luis Martínez-Fernández: Sugar and Revolution: 1952–2002; in: M. Pont (Editor): Cuba Futures: Historical Perspectives, Bildner Center for Western Hemisphere Studies, p. 80

<sup>34</sup> Albert Manke: From Fighting Batista to Defending the Revolution: Mobilization and Popular Support for Revolutionary Change, 1952–1961; in: M. Pont (Editor): Cuba Futures: Historical Perspectives, Bildner Center for Western Hemisphere Studies, p. 112

<sup>35</sup> Albert Manke: From Fighting Batista to Defending the Revolution: Mobilization and Popular

*Armadas Revolucionarias* (FAR, Revolutionary Armed Forces, the official army) remained as the only military force.

In short, the popular front government and the petty-bourgeois Castro leadership were alarmed by the massive increase of class struggle and tried to stop it in order not to endanger their bureaucratic control of the political transformation. They were certainly helped in this by the blunt aggression of US imperialism which helped the Castroites to keep the loyalty of the workers. The Cuban socialist historian Farber summarizes this dynamic in the following way:

*"During the earliest stages of the revolution, most Cubans were in a true state of euphoria while all sorts of long suppressed popular demands, complaints, and requests emerged into the public limelight, often with the support of strikes. Castro and the revolutionary government quickly became concerned about the frequency of such strikes and virtually eliminated them while preventing the development of any sense of frustration, let alone betrayal, among Cuban workers."*<sup>36</sup>

In another book, Farber correctly described the political dynamic of the revolutionary process in 1959-61:

*"There is nothing less involved here than the development of autonomous revolutionary consciousness among the masses of the Cuban people as opposed to the dictates of an elite political party which has a complete monopoly of the press and other means of communications."*<sup>37</sup>

## ii) Aggression of US imperialism

It is beyond the scope of this document to give a detailed history of US policy towards Cuba after the overthrow of Batista. We will only summarize the most important developments which influenced the dynamics of the revolution. In the first few months, the US government hoped for a compromise. When a Cuban delegation headed by Fidel Castro visited the USA in April 1959, they received a relatively warm reception. When a reporter asked Castro about his ties to Communists, the Cuban leader replied, *"Democracy is my ideal. (...) I am not a Communist. (...) There is no doubt for me between democracy and Communism."*<sup>38</sup> Castro appeared before the Senate Foreign Relations Committee and again denied any connection with Communism, for which he received praise from such legislators as Alabama Senator John Sparkman and Congressman James

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Support for Revolutionary Change, 1952-1961; in: M. Pont (Editor): *Cuba Futures: Historical Perspectives*, Bildner Center for Western Hemisphere Studies, p. 116

<sup>36</sup> Samuel Farber: *The Origins of the Cuban Revolution reconsidered*, The University of North Carolina Press 2006, pp. 133-134

<sup>37</sup> Samuel Farber: *Revolution and Social Structure in Cuba, 1933-1959*; PhD dissertation, University of California, Berkeley, 1969, quoted in: Janet Elaine Rogers: *Interpretations of the Cuban Revolution*, Open Access Dissertations and Theses. Paper 5282, 1974, p. 114

<sup>38</sup> Quoted in G.S. Prentzas: *The Cuban Revolution*, Infobase Learning 2012, p. 73

G. Fulton of Pennsylvania.<sup>39</sup>

However already during this early period, many people in the US ruling class had a far more hostile attitude. The former US ambassador in Cuba, Spruille Braden, shared the radical rightist views of the then CIA director, Allen Welsh Dulles, who, when referring to the containment of communist influence in the western hemisphere, once famously stated: *“Do nothing to offend the dictators; they are the only people we can depend on.”*<sup>40</sup>

When the Cuban government launched its agrarian reform legislation in May 1959, the situation changed. This is because agrarian reform threatened US interests. Let us recall that Cuba was – beside Venezuela – the most important destination for US capital export in Latin America. When the Castro government later nationalized all property owned by North American citizens in Cuba, it was calculated that these assets were worth over 1,000 million dollars!<sup>41</sup>

From this point in time, the US government openly worked to blackmail Cuba and to overthrow its government. In June 1960, the Cuban government requested the Western petroleum refineries – Texaco, Esso and Shell – to process crude oil it had purchased from the Soviet Union. When the companies refused, they were expropriated. At the same time, the US Congress authorized the President to cut off the Cuban sugar quota (seven hundred thousand tons sugar). In response, on 6 July 1960, the Cuban government expropriated all US-owned agricultural property in Cuba, as well as US investments in some other branches of the economy. On 15 July, the newly established Bank for Foreign Trade became Cuba’s sole foreign-trade agency. On 7 August, all large US-owned industrial and agrarian enterprises were expropriated. And on 17 September, all US banks were confiscated. Another law, enacted on 13 October 1960, nationalized all large Cuban-owned sugar mills together with the cane fields belonging to the same owners. On 19 October, the US government prohibited exports to Cuba, except for non-subsidized foodstuffs and medicines. On 24 October, Cuba expropriated all US-owned wholesale and retail trade enterprises as well as any remaining smaller US-owned industrial and agrarian enterprises. The United States withdrew Ambassador Philip Bonsai on 29 October. US-Cuban diplomatic relations were finally and formally broken in the waning days of the Eisenhower administration in January 1961.<sup>42</sup>

As early as January 1960, the CIA set up a special task force composed mainly of veterans of the military intervention against the Arbenz government

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<sup>39</sup> Samuel Farber: *The Origins of the Cuban Revolution reconsidered*, The University of North Carolina Press 2006, pp. 79-80; Leo Huberman and Paul Sweezy: *Cuba. Anatomy of a Revolution*, New York 1960, p. 86

<sup>40</sup> Quoted in Robert O. Kirkland: *Observing Our Hermanos de Armas: U.S. Military Attachés in Guatemala, Cuba, and Bolivia, 1950-1964*. Latin American Studies: Social Sciences and Law. New York/London: Routledge 2003, p. 88

<sup>41</sup> See Celso Furtado: *Economic Development of Latin America. Historical Background and Contemporary Problems*, New York 1984, p. 289

<sup>42</sup> See Jorge Domínguez: *Cuba since 1959*; in: *The Cambridge History of Latin America, Volume VII, Latin America since 1930: Mexico, Central America and the Caribbean*, New York 1990, p. 462

in Guatemala. This task force prepared a wide-ranging attack on the Castro regime. In March, the US government put in place a systematic plan of covert action against the Castro regime. Military preparations were started which – as is well known – culminated in the US and Cuban exile invasion force that landed at the Bay of Pigs in April 1961, which was successfully routed by the Cuban masses and militias in three days.<sup>43</sup> During the so-called missile crisis between the US and the USSR in October 1962, the US Joint Chiefs of Staff recommended to President Kennedy a massive military attack on Cuba.<sup>44</sup> In addition, the CIA carried out several assassination attempts on Castro. Even a study, authored by the US Army War College itself, had to admit later: “*To say the least, this was a most aggressive position.*”<sup>45</sup>

Why did US imperialism react so aggressively despite the relatively limited bourgeois-democratic reform program which the Castro government initially pursued? The reason is simply that even such a democratic reform program was too much for US imperialism. Cuba was, *de facto*, a US colony until 1959. It was an Eldorado for US monopoly capital, the Mafia, and US tourists. It was a kind of extended US territory in opposite the coast of Florida. A certain reduction of this total US control, the loss of some of their sugar monopolies, the “provocation” that Cuba was opening trade with other countries – in particular the USSR – all this was too much for US imperialism.

We also have to remember that this a high point of the Cold War between the imperialist camp – led by the US – and the Stalinist camp of the degenerated workers states, led by the USSR. While the US imperialists had built up their military contingents and bases close to the borders of the USSR and its allies, they were not prepared to accept any Soviet influence close to their own borders.

In addition, US imperialism was then at the height of its power. Latin America was its backyard. The US ruling class was accustomed to easily restraining any Latin American country from pursuing an independent course. Usually, it was sufficient to politically and/or economically blackmail the country in question. However, if necessary a *coup d'état* could easily be organized, as the CIA had done against the liberal government of President Jacobo Árbenz Guzmán in Guatemala in June 1954.

What was different this time was that US imperialism tried to blackmail a country whose working people had engaged in mass mobilizations, strikes, and land occupations for years and, in particular, after January 1959. In addition, the people were partly armed since Batista's military was disintegrating and the government had to arm people in order to defend its power against the counterrevolution. To sum up, US imperialism openly tried to blackmail a

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<sup>43</sup> On the chronology of the failed CIA invasion see Alejandro de Quesada: *The Bay of Pigs*. Cuba 1961, Osprey Publishing 2009.

<sup>44</sup> Jorge I. Domínguez: *U.S.-Cuban Relations: From the Cold War to the Colder War*; in: *Journal of Interamerican Studies and World Affairs*, Vol. 39, No. 3 (Autumn, 1997), p. 69

<sup>45</sup> Lieutenant Colonel Carl G. Roe: *U. S. and Cuban Relations: Prospects for the Future*, US Army War College 1991, p. 4

people which was militant, organized and who just had experienced a successful revolution. Hence the pressure on the Castro government by its own people, not to give in to US imperialist pressure, was massive. Under these circumstances, the Castroite leadership had the alternative either to capitulate or to break with US imperialism.

### **iii) Support and Alignment with the Stalinist Soviet Bureaucracy**

This leads us to the third central reason for Cuba's transformation from a semi-colonial capitalist country into a Degenerated Workers State. We have seen that the Castroite government was under massive pressure both from below – from the mobilized and partly armed working class and peasantry – as well as from above, by aggressive US imperialism which threatened to starve the country.

Most likely, these two factors alone would not have been sufficient to transform Cuba. But the Stalinist bureaucracy in the USSR was prepared to give Cuba political, economical and military assistance against US imperialism, and it was this that opened the door to Cuba's becoming a Degenerated Workers State.

When the US cut the quota for Cuban sugar, the Soviet Union was prepared to buy it. After the United States' 1960 decision to cut Cuba's sugar quota and impose a full trade embargo in 1962, the Soviet Union and, to a lesser extent, China stepped in. In February 1960, Soviet deputy premier Anastas Mikoyan visited Cuba and negotiated a trade accord, whereby the USSR agreed to purchase one million tons of Cuban sugar per year and to provide the island nation with loans and crude oil shipments at reduced prices. In May, both countries established diplomatic relations. Soon, the Soviet Union and other socialist nations fully replaced the United States as Cuba's main trading partners. Whereas in 1959 the United States absorbed 74% of Cuba's exports and delivered 65% of its imports, only two years later the Stalinist states received 73% of the island's exports and shipped 70% of its imports.<sup>46</sup>

Similarly the Soviet military sent weapons and helped to organize the Cuban army.

The Soviet bureaucracy had an interest to extend its influence to better defend itself against the world-dominating imperialist camp – led by the US - in order to control the revolutionary process in Cuba so that it would *not* spread to the all of Latin America.

Of course, it was completely legitimate for the new Cuban government to seek support from the Soviet Union against US imperialism, and revolutionaries would have called the USSR and other states to rally to the defense of Cuba against Washington's gunboat policy. However, we must also bear in mind that the growing influence of the Moscow bureaucracy strengthened the Castroite/

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<sup>46</sup> Luis Martínez-Fernández: Sugar and Revolution: 1952–2002; in: M. Pont (Editor): Cuba Futures: Historical Perspectives, Bildner Center for Western Hemisphere Studies, pp. 80-81

Stalinist ruling elite to reorganize its state apparatus independent of the working class and poor peasantry. It is revealing that the very first steps in collaboration between the Castroite government and the Moscow bureaucracy already took place in April 1959, when the Cubans requested support to reorganize the army and the intelligence service.<sup>47</sup> Recall, that it was at this time that the Castroite leadership sought to calm down and control the worker and peasant struggles, while it simultaneously strove to rebuild a bourgeois-type state apparatus. As we shall see, it succeeded in doing this with the willing help of the Moscow bureaucracy as well as the Cuban Stalinist PSP apparatus.

## **Cuba's Bureaucratic Social Revolution towards a Stalinist Degenerated Workers State**

It was this combination of factors that allowed the Castroite leadership – which in this process merged with the Stalinist party apparatus – to achieve the following:

- \* They could form a bourgeois-type bureaucratic state apparatus which was divorced from the working class and poor peasantry so that it could control the revolutionary wave of struggles and finally politically expropriate the working class.

- \* When US imperialism blackmailed Cuba, the Castroite government was able to withstand this pressure both because of the support of the anti-imperialist masses as well as because of the material support by the Soviet Union.

- \* Under the total economic boycott by US imperialism (with the support of the other imperialist states) and the pressure of the revolutionary masses, the Castroite regime only had one choice – in order to stay in power – to expropriate the bourgeoisie in an bureaucratically way and reorganize the Cuban economy under the conditions of proletarian property relations. This was made possible because of the support from the Soviet bureaucracy.

In this period of sharp class struggles and fundamental changes, important transformations took place. In the first period after January 1959, a dual power situation emerged and a popular front government with a number of open bourgeois figures took office. Given the rapid class polarization – with a growing militant working class and peasantry and an increasingly hostile US imperialism and domestic bourgeoisie – the government shifted to the left. A number of open bourgeois figures were forced to resign and were replaced by “*Fidelistas*”. First, after the aggressive US reaction to the agrarian reform, Castro threw out Sori Marin (Minister of Agriculture), Elena Mederos (Minister of Health), Luis Orlando Rodriguez (Minister of the Interior), Angel Fernandez (Minister of Justice) and Foreign Minister Agramonte.

However, the Popular Front continued to exist with bourgeois figures like Cas

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<sup>47</sup> Samuel Farber: The Origins of the Cuban Revolution reconsidered, The University of North Carolina Press 2006, p. 146

Fresquet (Minister of Finance) and Bunilla (Minister of Commerce) remaining in their posts as well as Pazos continued to stand in charge of the Bank of Cuba.

But the deepening class struggle forced Castro to go further and to drive all direct agents of the capitalists from the government. By November 1959, the popular front was terminated along with the dual power situation.

Against this background, the Castroite M-26-7 was forced to deepen its alliance with the Stalinist PSP. The latter was the only remaining party with a sizeable apparatus and roots in the working class and the trade unions. In addition, it had the advantage of possessing close relations with the Stalinist bureaucracy in the Soviet Union which was an increasingly important factor for the Castroite leadership given the country's isolation due to US imperialism. So while in the first period of the revolution, the M-26-7 leadership tried to exclude the PSP from the government as well as the trade union leadership, it was now forced to re-integrate them. The left wing of the M-26-7 was now in the ascendant and the process of founding a unified party apparatus with the Stalinist PSP began in December 1959.

In the end, this started a process of several years which culminated with the merging of the two forces and the founding, in 1965, of the *Partido Comunista de Cuba* (PCC, Communist Party of Cuba). This process took place under the hegemony of the M-26-7 leadership around Fidel Castro. A number of old PSP leaders were purged in this process. However this fusion was possible because of the similar petty-bourgeois class nature of the bureaucracy both of the Castroite M-26-7 leadership and the Stalinist PSP apparatus. Once they agreed to rule Cuba on the basis of a bureaucratically degenerated workers state in alliance with the Soviet Union, they possessed a sufficient common basis for a fusion.

With the purge of the openly capitalist ministers, the character of the Castro government changed. It was no longer a popular front government. However given the fact that the M-26-7/PSP-government neither based itself on workers' and peasants' organs (councils, militias) nor followed an anti-capitalist program of expropriating the bourgeoisie at that time, it became a *bourgeois workers' and peasants' government* in the sense of the Communist International in Lenin's and Trotsky's time. The Comintern's characterization of such a type of a workers' and peasants' government was accurate for the Castro regime in late 1959. It was not a "*revolutionary workers' government, but in fact coalition a government of the bourgeoisie and anti-revolutionary labour leaders. Such governments are tolerated by the enfeebled bourgeoisie in critical times as a means of deceiving the proletariat about the real class character of the State, or to ward off, with the help of the corrupt workers' leaders, the revolutionary offensive of the proletariat and to gain time.*"<sup>48</sup> (In this quote, the Comintern speaks about a workers' government but they applied the same approach to workers' and peasants' governments.)

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<sup>48</sup> Communist International: Theses on Comintern Tactics, adopted on 5<sup>th</sup> December 1922 at the Fourth Congress of the Communist International; in: The Communist International 1919-1943. Documents Selected and Edited by Jane Degras, Volume I 1919-1922, p. 427

Such a government of “*petty bourgeois representatives of the workers and peasants*” – to use the words of Leon Trotsky in the *Transitional Program* – was determined not to relinquish power to the working class and the poor peasantry and to continue to run the country within the limits of bourgeois-democratic reforms. However – as we described above – both US imperialism and the Cuban bourgeoisie deeply mistrusted the M-26-7/PSP-government. In addition, they thought it would be relatively easy to get rid of the new government and to re-establish the old order. As a result, the reactionary forces escalated the pressure and sabotage against the Castro government while at the same time the militant working class and poor peasantry demanded a deepening of the revolution.

This forced the M-26-7/PSP-government to decide: either capitulate to US imperialism and the domestic bourgeoisie – with the certain result of a total loss of power – or break with them completely. This meant to expropriate the foreign and Cuban capitalists, to ally itself with the Soviet Union and to reorganize the economy (bureaucratically) on a new foundation – a planned economy based on proletarian property relations.

Because of the massive pressure of the radicalized working class and peasantry and because of the possibility of support from the Soviet Union, the M-26-7/PSP-government decided to go further than it initially intended and started to expropriate the bourgeoisie. It was no longer a bourgeois workers and peasants’ government but rather, became in the summer of 1960, a *bureaucratic anti-capitalist workers’ government*. By this is meant, according to the understanding of the RCIT, a government forced to attack and break the economic power of the bourgeoisie, but using carefully controlled bureaucratic measures and mobilizations – similar to the type of Stalinist governments in Eastern Europe in 1948-49.

In our book on the Stalinist quelling of working class revolutionary activity after World War II, we described the Marxist understanding of such bureaucratic anti-capitalist workers’ government in the following way:

*“The government has the programme of anti-capitalist measures constituting the expropriation of the bourgeoisie whilst simultaneously depriving the working class of political power. Thus it prevents the formation or development of organs of proletarian struggle, self-organisations and democracy (soviets) with methods which range from political misleaderships to outright military repression. (...) However, what defines a bureaucratic workers’ government is that it is not under the control or conscious pressure of the organs that can form the basis of a full political dictatorship of the proletariat. It is thus anti-capitalist but a bridge to a degenerate not a healthy workers’ state.”*<sup>49</sup>

With the establishment of this bureaucratic anti-capitalist workers’ government in the summer of 1960, Cuba’s state changed its class character. It was no longer a capitalist semi-colony but became a degenerated workers state. The Castro

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<sup>49</sup> League for a Revolutionary Communist International / Workers Power (Britain): *The Degenerated Revolution. The Origin and Nature of the Stalinist States* (1982), p. 51

government had become a regime which moved decisively against capital and capitalism to create a bureaucratically-planned economy on the Stalinist model. Again, this change entailed the change of *class character* of the state. As Marxists, we define the character of a given state “*by the character of the forms of property and productive relations which the given state guards and defends.*” (Trotsky)<sup>50</sup> Of course, a number of political and economic steps still had to be taken to fully establish a bureaucratically planned economy. In addition, the imperialist aggression – most prominently the invasion at the Bay of Pigs in April 1961 – had to be thwarted. But the Rubicon to overturn the class character of the state into a degenerated workers state was crossed in the summer of 1960.<sup>51</sup>

This became clear from the measures taken by the Castro government from the summer of 1960 onwards. As we described above, a number of steps took place in the summer of 1960 which led to the nationalization of the industry – including the decisive sugar industry – and banks, the imposition of the foreign trade monopoly as well as the creation of a *Junta Central de Planificacion* (Juceplan, Central Planning Board) in February 1961 to plan and direct the country’s economic development. By the end of 1960, 80% of Cuba’s industrial capacity was nationalized and the agrarian reform had been dramatically speeded up.

These measures led to a transformation of the class character of Cuba’s economy. It didn’t operate any longer on the basis of the law of value, but rather on the basis of bureaucratic planning. Thus in the early 1960s, Cuba’s economy ceased to be capitalist. It was transformed into an economy based on proletarian property relations, albeit in a bureaucratically-distorted form.<sup>52</sup>

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<sup>50</sup> Leon Trotsky: Not a Workers’ and not a Bourgeois State? (1937); in: Trotsky Writings, 1937-38, p. 61 (our emphasis)

<sup>51</sup> In our predecessor organization we mistakenly thought for a long time that the decisive turning point to change the class character of a state was only when the character of the economy itself has changed. Consequently, this error was also incorporated in our book *The Degenerated Revolution* from the early 1980s. We ignored the fact that, for a given period, there can be a discrepancy between the class character of a state and of the economy. In fact this was also the case in the great October Revolution in 1917. While the state became a healthy workers state from the moment when the Bolsheviks took power in autumn of 1917, this lasted till spring and summer of 1918 when the bourgeoisie was expropriated and the central sectors of the economy were put under the command of the proletarian state. Similarly, the Eastern European states changed their class character when the Stalinist regimes became bureaucratic anti-capitalist workers’ governments and took decisive measures to expropriate the bourgeoisie and abolish the law of value. We overcame this weakness in our understanding at the LRCI’s V. Congress in 2000:

“*Instead, we should recognise them as workers’ states from the point at which the governments and states began to move decisively against capital and capitalism and to create bureaucratically planned economies on the Stalin model, i.e., in 1948-49.*” (League for a Revolutionary Communist International: The error of the ‘Moribund Workers State’ - a correction, Resolution of the LRCI’s V. Congress in July 2000, in: Workers Power (Britain) No. 248, November 2000, p. 12)

<sup>52</sup> We refer readers to the useful summary of the Cuban Revolution in the chapter “Castro’s ‘Cuban road’ from populism to Stalinism” in the previously mentioned book *The Degenerated Revolution*, published by our predecessor organization, Workers Power (Britain) and the League for a Revolutionary Communist International.

## The Cuban Working Class and Its Political Expropriation by the Castroite Stalinists

As we have already stated, the anti-capitalist social transformation in Cuba went ahead in a bureaucratic way, preventing the working class from politically taking power. When we speak about a bureaucratic social revolution we don't mean – as the Cliffites suggest – that the proletariat was merely a passive observer of the acting Castroite government. We rather mean that the working class and peasantry – while exerting massive pressure both on the Castroite government as well as the reactionary class enemy – did not consciously lead the revolutionary process.

Why was this so? Essentially, because the working class and the peasantry lacked the following: democratic organs to discuss and decide on the political and economic issues (councils/soviets); armed organs to implement these decisions (popular militias); and – most importantly – a political vanguard party which had a program and an organization to lead the class to victory.

As a result of this, the social expropriation of the bourgeoisie and the formation of planned proletarian property relations went hand in hand with a bureaucratic political expropriation of the working class by the Castroite Stalinists.

We have already described, above, the bureaucratic steps the Castroite regime undertook against the spontaneous workers strikes, land seizures and formation of militias. The political expropriation of the working class was also obvious on the political party and trade union level.

In the trade union movement, all opposition was crushed and a fully-empowered bureaucracy, not controllable from without, and fiercely loyal to the M-26-7/PSP-government was imposed. To give an overview over the rapid bureaucratization in the trade union movement, we reproduce here the analysis of Samuel Farber:

*“About 50 percent of the labor leaders, most of whom belonged to the 26th of July Movement and had been freely elected in the spring 1959 local and national union elections, were removed; many were persecuted and jailed as well.*

*In August 1961, less than two years after the fateful Tenth Congress of the CTC, the government approved new legislation that brought the nature and function of Cuban trade unions into alignment with those of the Soviet bloc. According to the new law, the main objectives of the unions were to help in the attainment of the national production and development plans; to promote efficiency and expansion of social and public services; to improve the administration of all sectors of the economy; and to carry out political education.*

*The Eleventh CTC Congress, which took place in November 1961, could not have been more different from the congress two years earlier. Unanimity had now replaced controversy. With no contest allowed for the leading positions at stake, all leaders were elected by acclamation. Not surprisingly, old Stalinist leader Lázaro Peña regained the position of secretary general that he had last held in the forties under Batista.*

Of the seventeen national union leaders in 1959, only five remained in the twelve-member leadership group "elected" at the conclusion of the congress. In order to save production costs, the Eleventh Congress also agreed to give up gains that many unions had won before the revolution.

It approved the eight-hour day, thereby adding work time to those union members who had already gained the seven-hour day. The nine days of sick pay, previously paid automatically, would be paid only to those who could prove that they were actually sick. The extra month's pay as an end-of-the-year bonus was abolished.

Although an abstract case could be made for the desirability of at least some of these changes in a new socialist order, here they were imposed from above with little or no discussion. There was no open confrontation with the opposing views actually held by a large number of Cuban workers, who could not openly express them, nor organize in support of what they thought.

Even the dramatic change of leadership carried out at the 1961 congress did not put an end to the process of erasing all remaining traces of independent unionism. By the end of the Twelfth CTC Congress in 1966, only one of the members of the 1961 national committee remained. Of the twenty-five other heads of labor federations in 1961, only one remained in office by 1966.<sup>53</sup>

No other trade unions were allowed. Workers had no legal right to strike. The same process took place on the political party level. No other party was allowed beside the ruling party.

The Cuban Trotskyists – organized in the *Partido Obrero Revolucionario* (*Trotskista*) (POR[T]) – were firmly repressed. Gary Tennant, an expert in the history of Cuban Trotskyism, gives an excellent overview in his academic work. He shows that the POR(T) comrades supported the revolution and participated in the work and activity of the newly established revolutionary mass organisations. They worked in the *Movimiento de Superación del Barrio Sur de Guantánamo*, undertook voluntary work in the countryside, participated in the literacy campaign, and joined the *Federación de Mujeres Cubanas*, the CDRs, and the newly organised militias.

This, however, did not stop the Stalinists to accuse them of being "provocateurs" who are inciting US aggression and who were instruments of the FBI and CIA. The Castroite government – including Che Guevara<sup>54</sup> – suppressed the

<sup>53</sup> Samuel Farber: Cuba's Workers After the Revolution (Excerpts from his book "Cuba Since the Revolution of 1959"), December 7, 2011 <http://www.havanatimes.org/?p=57178>

<sup>54</sup> It shall be noted that while Che Guevara initially supported the repression of the Trotskyists, he later developed substantial criticism against the bureaucratization of the revolution and the conservative foreign policy of the Stalinist states. During this latter period, before he left Cuba in 1965 for his guerilla campaigns in the Congo and Bolivia, Guevara did his best to use his influence in order to help and free the imprisoned Trotskyists. (For more on this, see Gary Tennant: *The Reorganized Partido Obrero Revolucionario (Trotskista) and the 1959 Revolution*, in: *The Hidden Pearl of the Caribbean. Trotskyism in Cuba, Revolutionary History Vol. 7, No. 3, London 2000*, pp. 193-195.)

This of course does not mean that Guevara became a Trotskyist. He was rather a left-wing radical Stalinist who however partly transcended important characteristics of Stalinism – in particular his

Trotskyist paper *Voz Proletaria* and smashed the printing plates of the Spanish translation of Trotsky's *The Permanent Revolution*. They harassed the Trotskyists and threw a number of them into prison.<sup>55</sup>

The bureaucratization was also visible inside the ruling party itself. As already mentioned, the Castroite M-26-7 undertook a series of steps towards fusion with the Stalinist PSP. The PSP cadres were central in the staffing of the administrative apparatus and hence gained increasing influence. The fusion between the two parts first led to the creation of the *Organizaciones Revolucionarias Integradas* (ORI, Integrated Revolutionary Organisation) in July 1961. The "fusion" in fact took the form of a takeover of the Stalinist party apparatus by the Castroites, a project which caused considerable conflict with leading "old guard" Stalinists. When the National Directorate of the ORI was announced, it consisted of 25 members: 13 from M-26-7, 10 from the PSP, and two from the *Directorio Revolucionario*.<sup>56</sup> None of them was elected by anyone. They were simply appointed by Fidel Castro.

Soon a conflict emerged between the Castroites and the old guard of the PSP. It ended bureaucratically with the denunciation of the old PSP leader Anibal Escalante by Castro for creating a "counter-revolutionary monstrosity". He was expelled in March 1962 and left the country until 1964.

When the PCC was set up in October 1965, the strength of the Fidelistas could be seen in the fact that the military bureaucratic clique around Castro dominated it, while the former PSP bureaucrats played a subordinate role. The entire eight-man Political Bureau were Fidelistas.

The composition of the new Central Committee shows also another important aspect. It demonstrates the petty-bourgeois character of the party's leadership. Hardly any workers or workers' leaders were in it. They were completely dominated by representatives of the bureaucracy of the repressive state apparatus. Table 2 shows that, of the 100 Central Committee members, 81% either came from the army's officer corps or the secret service.

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support for internationalization of the revolution opposed to the reactionary Stalinist dogma of "peaceful coexistence" with imperialism. Our criticism of Che Guevara's political mistakes does not prevent our admiring his unlimited and selfless dedication to the revolutionary struggle against imperialism and capital. His personal example remains today an inspiration for thousands of revolutionary activists. This example is, by the way, also the personified negation of the corrupt, greedy and pro-capitalist bureaucrats who are rule Cuba today.

<sup>55</sup> For more on the repression of the Cuban Trotskyists by the Castroite government see chapter 7.1.2 The Activity and Suppression of the POR(T), 1960-65 in Gary Tennant: *Dissident Cuban Communism: The Case of Trotskyism, 1932-1965*, 1999, <http://www.cubantrotskyism.net/PhD/central.htm>

<sup>56</sup> *Directorio Revolucionario* (Revolutionary Direction) was a university-student based petty-bourgeois guerrilla group which took part in the struggle against Batista.

**Table 2**                      **Composition of the 100-member Central Committee  
of the Cuban Communist Party in 1965**<sup>57</sup>

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<i>Share of former member of the Stalinist PSP</i>	18%
<i>Share of army officers</i>	69%
<i>Amongst them active officers</i>	39%
<i>Share of officers from the intelligence services</i>	12%

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The suppression of workers democracy and the massive bureaucratization of the ruling party as well as the mass organizations went hand-in-hand with the strengthening of the bureaucracy as a materially-privileged and corrupt stratum. This process started immediately after the successful revolution. In the following, we quote from a report by Carlos Franqui, an anti-Stalinist communist and leading cadre of M-26-7 from its start. He became an early critique of the bureaucratization of the Cuban Revolution, went into exile and finally broke with the regime when Castro supported the Soviet invasion in Czechoslovakia in 1968. He describes how the new elite – with exceptions like Che Guevara – soon acquired the luxurious housings of the old upper class:

*“At that time [in 1961] Security was moving comandantes, ministers and anyone of any importance into new houses. Some of us tried to stay where we were – Che, Faustino, Celia, Haydée, Chomón, Orlando Blanco, and I among them. The new houses were those that had been abandoned by the Havana middle class. This reopened the polemic that had been simmering since 1959. Many of us went right back to our old apartments after the war while others wanted to ‘profane’ (as they said) the houses of the rich. It was they who were ‘profaned’. These houses came equipped with 24-hour, round-the-clock guards – because of the counter-revolutionary threat, but it was also a good way to keep an eye on you in the Soviet style. Celia, Haydée, and I had eluded the new-house situation simply because we were civilians... I had been living in my own flat all this time with no problem. (...) Since I wouldn’t obey the order to move, Fidel stepped in, told me I was in danger and that I would simply have to follow orders. The next day the Urban Reform people handed me the keys to my new house. I’d be a hypocrite if I were to say I didn’t like what I found – swimming pool, books, nice furniture, garden, air conditioning – but at the same time I felt guilty. Fidel himself never had those problems, since he was accustomed to living in houses like that... What was really happening was that we were creating a new elite, despite all the rhetoric about the need to protect us, the need for upper-echelon people to be able to relax. This new elite would one day be dangerous.”*<sup>58</sup>

This bureaucratization intensified later and led to massive stealing of fortunes

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<sup>57</sup> Hans Magnus-Enzensberger: *Bildnis einer Partei. Vorgeschichte, Struktur und Ideologie der PCC*, in: *Kursbuch No. 18*, Frankfurt a.M. 1969, p. 208

<sup>58</sup> Quoted in Peter Taaffe: *Cuba: Socialism and Democracy. Debates on the Revolution and Cuba Today*, published by the Committee for a Workers International 2000, pp. 65-66

by high-ranking bureaucrats, as the socialist Cuba expert and solidarity activist Janette Habel describes in her study on the political developments in the island since the revolution. She summarizes:

*“Waste and corruption have led to a feeling of discontent among the regime’s base of support, the wage-earning strata, faced with the growing wealth of certain sectors of farmers, as well as the privileges enjoyed by the administrative bureaucracy and top officials of the economic and state apparatus. Signs of economic inefficiency, waste, theft and the misappropriation of goods have been joined by the black market and currency trafficking, the spread of prostitution, and a growth of petty delinquency near tourist centers”*<sup>59</sup>

Indeed, it is the rule of the Castroite-Stalinist bureaucracy which is responsible for the degeneration of the Cuban revolution as well as the containment of its internationalization towards the whole Latin American continent. The program of revolutionary communists for Cuba after 1960/61, therefore, was based on the need of the working class to organize for the defence of the revolution both against its foreign as well as its domestic counterrevolutionary enemies, while at the same time prepare for the political revolution to overthrow the bureaucracy and establish a healthy workers state.

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<sup>59</sup> Janette Habel: Cuba: The Revolution in Peril, Verso 1991, pp. 58-59; In German: Janette Habel: Kuba: Die Revolution in Gefahr, Köln 1993, p. 91

## Chapter II: Stalinism, Permanent Revolution and Capitalist Restoration in the Light of Marxist Theory

In the following chapter we will outline some theoretical considerations which are important for a Marxist understanding both of Cuba's transformation into a degenerated workers state in the early 1960s as well as its recent return towards capitalism.

### i) Trotsky's Theory of the Permanent Revolution

A number of centrist, quasi--Trotskyists claimed, and some still claim, that the Castro leadership led Cuba towards a healthy worker state, or at least one with some bureaucratic deformations, but which could be removed via some reforms and hence a political revolution of the working class was not necessary.

The *United Secretariat of the Fourth International* of Pablo and Mandel unconditionally supported Castro. Nahuel Moreno proclaimed himself a Castroite and said his objective was to create united Castroite parties throughout Latin America. In Bolivia, where Guevara was operating in 1967, Guillermo Lora, leader of the "Trotskyist" the POR, claimed that this "*foco*" was the vanguard of the Bolivian revolution.<sup>60</sup>

This was and is, of course, totally wrong. The fact that the Castro leadership not only oppressed the Cuban working class for decades but is also leading it now in a bureaucratic-authoritarian way towards capitalism, shows once more its non-revolutionary character.

The Castroite leadership never understood – and could not understand, due to its petty-bourgeois nature – and many quasi-Trotskyists ignored that only the program of permanent revolution could have avoided such an outcome. The Achilles' heel of the Cuban revolution was the lack of a revolutionary workers' party which could have led the proletariat and the popular masses towards the expropriation of the bourgeoisie, as well as the bourgeois state apparatus through working class power (workers control, soviets, militias, etc.).

It would also have meant to fight for the internationalization of the revolution – not via some guerilla foci adventures – but by building a revolutionary workers' international. Such a new revolutionary International would have

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<sup>60</sup> See e.g. Hugo González Moscoso: *The Cuban revolution and Its Lessons*, in: Ernest Mandel (Editor): *50 Years of World Revolution 1917-1968. An International Symposium*, Merit Publishers 1968, pp. 182-204. For a Marxist critique we refer our readers to the chapter "*Centrism and Stalinism: the falsification of Trotsky's analysis*" in our book *The Degenerated Revolution. The Origin and Nature of the Stalinist States* (1982), pp. 87-101

advanced the international class struggle instead of praising the Soviet invasion in Czechoslovakia in 1968, or politically supporting the treacherous Popular Front government of Allende in Chile 1970-73.

Such a program of permanent revolution is a key element of the working class program in the modern era of imperialism. It was developed by Leon Trotsky who elaborated it based on the experience of the three Russian Revolutions in 1905 and 1917, as well as various failed revolution like that in China from 1925-27. Understanding this theory is essential not only to understand the failure of the Cuban revolution, but also to find the way forward for the coming class struggles in Cuba and world-wide.

What are the central elements of this theory? Let us briefly summarize Trotsky's concept of permanent revolution.<sup>61</sup> It is based on the dialectical concept that the revolution cannot be divided schematically into stages which are separated from one another. This does *not* mean that there are not different stages in the development of the revolution. Of course, this is the case. But in all stages of the revolution, it is one and the same class which must lead the struggle in order to win the democratic, as well as economic, goals of the revolution: the working class. Naturally the working class must seek allies amongst the peasantry and the urban petty bourgeoisie. But it is the proletariat and only the proletariat which can lead the struggle to victory. The reason for this is that the peasantry and the urban petty bourgeoisie – regardless of their numerical size – are not classes that can act independently and, therefore, they cannot play a leading role. They must rather subordinate themselves sooner or later under one of the two main classes of capitalist society – the proletariat or the bourgeoisie.

From this follows that during *all* stages of the revolution the strategic goal is to establish the dictatorship of the proletariat, and not to take power in the name of any other class. While temporary blocs with sectors of the bourgeoisie cannot be excluded, it would be criminal for the working class to subordinate its goals and interests so as not to wreck a potential alliance with such bourgeois forces. It would be even *more* criminal to support the taking of power by bourgeois forces. Every sector of the semi-colonial bourgeoisie will look for a compromise with imperialism and thereby betray the working class and the popular masses.

The theory of permanent revolution assumes that, if the revolution is not continued up to the socialist seizure of power, it will inevitably end with the victory of the ruling class and a counter-revolution. Similarly, the theory of permanent revolution maintains that the revolution cannot remain victorious in a single country (as Stalin claimed), but must spread internationally. The modern economy, especially in the age of global capitalism, makes all countries dependent on the international exchange of goods, technology and knowledge.

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<sup>61</sup> We have taken parts of this sub-chapter from the chapter "*The Theory of Permanent Revolution and its Program for the Working Class Struggle*" which we recently published in our book Michael Pröbsting: *The Great Robbery of the South. Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital. Consequences for the Marxist Theory of Imperialism* (for details see [www.great-robbery-of-the-south.net](http://www.great-robbery-of-the-south.net)).

Moreover, sooner or later, the imperialist powers would not tolerate a victorious revolution in a single country. Marxists therefore support the strategy of Permanent Revolution not because it is more radical or "exciting," but because it represents the only realistic way to overcome the capitalist system and establish a truly socialist society.

In his book *The Permanent Revolution*, written in 1929, Trotsky explained the three basic elements of this theory:

*"The permanent revolution, in the sense which Marx attached to this concept, means a revolution which makes no compromise with any single form of class rule, which does not stop at the democratic stage, which goes over to socialist measures and to war against reaction from without: that is, a revolution whose every successive stage is rooted in the preceding one and which can end only in the complete liquidation of class society.*

*To dispel the chaos that has been created around the theory of the permanent revolution, it is necessary to distinguish three lines of thought that are united in this theory.*

*First, it embraces the problem of the transition from the democratic revolution to the socialist. This is in essence the historical origin of the theory. (...)*

*The theory of the permanent revolution, which originated in 1905, declared war upon these ideas and moods. It pointed out that the democratic tasks of the backward bourgeois nations lead directly, in our epoch, to the dictatorship of the proletariat and that the dictatorship of the proletariat puts socialist tasks on the order of the day. Therein lay the central idea of the theory. While the traditional view was that the road to the dictatorship of the proletariat led through a long period of democracy, the theory of the permanent revolution established the fact that for backward countries the road to democracy passed through the dictatorship of the proletariat. Thus democracy is not a regime that remains self-sufficient for decades, but is only a direct prelude to the socialist revolution. Each is bound to the other by an unbroken chain. Thus there is established between the democratic revolution and the socialist reconstruction of society a permanent state of revolutionary development.*

*The second aspect of the 'permanent' theory has to do with the socialist revolution as such. For an indefinitely long time and in constant internal struggle, all social relations undergo transformation. Society keeps on changing its skin. Each stage of transformation stems directly from the preceding. This process necessarily retains a political character, that is, it develops through collisions between various groups in the society which is in transformation. Outbreaks of civil war and foreign wars alternate with periods of 'peaceful' reform. Revolutions in economy, technique, science, the family, morals and everyday life develop in complex reciprocal action and do not allow society to achieve equilibrium. Therein lies the permanent character of the socialist revolution as such.*

*The international character of the socialist revolution, which constitutes the third aspect of the theory of the permanent revolution, flows from the present state of economy and the social structure of humanity. Internationalism is no abstract principle but a theoretical and political reflection of the character of world economy, of the world development of productive forces and the world scale of the class struggle. The socialist*

*revolution begins on national foundations – but it cannot be completed within these foundations. The maintenance of the proletarian revolution within a national framework can only be a provisional state of affairs, even though, as the experience of the Soviet Union shows, one of long duration. In an isolated proletarian dictatorship, the internal and external contradictions grow inevitably along with the successes achieved. If it remains isolated, the proletarian state must finally fall victim to these contradictions. The way out for it lies only in the victory of the proletariat of the advanced countries. Viewed from this standpoint, a national revolution is not a self-contained whole; it is only a link in the international chain. The international revolution constitutes a permanent process, despite temporary declines and ebbs.”*<sup>62</sup>

Such is the *theoretical* concept of revolutionary Marxism regarding the internal mechanics of the revolutionary process. However, these internal mechanics can only be actualized if a revolutionary workers party, which consciously understands and implements such a program, possesses the leadership of the working class. Indeed this was one of the major failures of various centrist splitters of the Fourth International which believed that the program of permanent revolution can be implemented by “*unconscious revolutionaries*” like the Castroites.<sup>63</sup>

But without the revolutionary party, the objective process of sharpening class contradictions based on the uneven and combined development of class forces and relations can never be transformed into an actual permanent revolution. When confronted with similar arguments about the “*objective process of the permanent revolution*” by left-centrist Stalinists in the late 1920s, Trotsky explained:

*“In capitalist society, every real revolution, above all if it takes place in a large country, and more particularly now, in the imperialist epoch, tends to transform itself into a permanent revolution; in other words, not to come to a halt at any of the stages it reaches, not to confine itself up to the complete transformation of society, up to the final abolition of class distinctions, consequently, up to the complete and final suppression of the very possibility of new revolutions. (...) The Chinese revolution contains within itself tendencies to become permanent in so far as it contains the possibility of the conquest of power by the proletariat. (...) Now, Lominadze has made of the possibility of a permanent development of the revolution (on the condition that the Communist policy be correct) a scholastic formula guaranteeing at one blow and for all time a revolutionary situation “for many years”. The permanent character of the revolution thus becomes a law placing itself above history, independent of the policy of the leadership and of the*

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<sup>62</sup> Leon Trotsky: *The Permanent Revolution, The Permanent Revolution and Results and Prospects*, Pathfinder Press, New York 1969, pp. 131-133

<sup>63</sup> A leader of the Mandeliste United Secretariat of the Fourth International for example said: “*In these circumstances a group of radicalized youth, expressing the historical necessities of the moment, created the July 26 Movement; later, in the Sierra Maestra, they organized the Rebel Army with a broad peasant base. These political formations, in an exceptional way, performed the role of a revolutionary Marxist party.*” (Hugo González Moscoso: *The Cuban revolution and Its Lessons*, in: Ernest Mandel (Editor): *50 Years of World Revolution 1917-1968. An International Symposium*, Merit Publishers 1968, p. 196)

*material development of revolutionary events.”*<sup>64</sup>

This is even truer today, after we have seen the failures not only of the Cuban revolution but also the one in Nicaragua, Bolivia, Venezuela and many other countries. Only a revolutionary party which understands and fights for the program of permanent revolution, can lead the working class to a successful social and political revolution.

## **ii) The Nature of the Stalinist Bureaucracy in a Degenerated Workers State**

By providing an overview of the development and contradictions of the Cuban Revolution, we have shown how the Castroite bureaucracy – while keeping the control over the working class – was forced to move much further than it intended and to install a degenerated workers state. This poses an important question which caused, by the way, huge confusion amongst Trotskyite centrist tendencies: How was it possible, from the viewpoint of Marxist theory, for a petty-bourgeois populist force like the M-26-7 – which did not even *pretend* to follow the goal of creating a socialist society – to be at the head of a political process which had as its outcome the formation of a degenerated workers state and the movement’s transformation into a self-proclaimed “Marxist-Leninist” party?

To answer this question, we have to understand the class character of the ruling bureaucracy in a degenerated workers state. As Trotsky explained repeatedly, this bureaucracy is not a class but rather a caste. It does not, as a class does, own the means of production, since the bureaucracy rules on the basis of *proletarian*, and not capitalist, relations of production. Under such proletarian relations of production, the law of value – which is the basis of capitalism – does not dominate the economy. The bureaucracy is, therefore, not an exploiting class which appropriates surplus value (as the capitalist class does). Rather, it constitutes a *social stratum* which plays no necessary role in the running of the economy and the society as a whole. Thus, it parasitically appropriates numerous privileges because of its commanding position in the state.

*“Embezzlement and theft, the bureaucracy’s main sources of income, do not constitute a system of exploitation in the scientific sense of the term. But from the standpoint of the interests and position of the popular masses it is infinitely worse than any “organic” exploitation. The bureaucracy is not a possessing class, in the scientific sense of the term. But it contains within itself to a tenfold degree all the vices of a possessing class. It is precisely the absence of crystallized class relations and their very impossibility on the social foundation of the October revolution that invest the workings of the state machine*

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<sup>64</sup> Leo Trotzki: Die chinesische Frage nach dem VI. Weltkongreß (1928); in: Trotzki Schriften 2.1, pp. 397-398; in English: The Chinese Question After the Sixth Congress, <http://www.marxists.org/archive/trotsky/1932/pcr/08.htm>

*with such a convulsive character. To perpetuate the systematic theft of the bureaucracy, its apparatus is compelled to resort to systematic acts of banditry. The sum total of all these things constitutes the system of Bonapartist gangsterism.*"<sup>65</sup>

From this it follows that the ruling bureaucracy in a degenerated workers' state is neither part of the proletariat (which the bureaucracy oppresses and robs), nor does it constitute a capitalist class, but rather possesses a petty-bourgeois character. Because of its parasitism and its conservative, anti-revolutionary role, both in the fields of international as well as domestic policy, it serves the world bourgeoisie. However, as long as it stands at the top of a workers state and administers and defends the proletarian property relations, the bureaucracy is not part of a capitalist ruling class but is instead a petty-bourgeois, counter-revolutionary defender of the workers state.

Trotsky reached these conclusions during the factional struggle against the Stalinist leadership. In early 1928 he wrote:

*"The petty-bourgeois elements in the AUCP [Communist Party in the USSR] rule the party and the state, but they are obliged to base themselves on the working class and to oppose imperialism. They are heading towards concessions to the bourgeoisie. But a sharper onslaught by the bourgeoisie can create a decisive shift to the left in the party."*<sup>66</sup>

It is clear that a fundamental antagonism exists between the economic basis of the workers state – the proletarian relations of production – and its anti-proletarian, petty-bourgeois bureaucracy which rules the political superstructure of the state. To maintain its rule, the Stalinist bureaucracy necessitates a state apparatus which is immune from control by the working class and the popular masses and which can, to the contrary, be utilized against the working class to defend the bureaucracy's privileges. Such a state apparatus, which is totally alienated from the working class, has therefore a bourgeois character.

Trotsky explained that such class contradictions between the economy and the state are not only possible, but had indeed already existed several times in history. In a debate with Burnham and Carter, two leaders of the Socialist Workers Party (US), in 1937 Trotsky wrote:

*"But does not history really know of cases of class conflict between the economy and the state? It does! After the "third estate" seized power, society for a period of several years still remained feudal. In the first months of Soviet rule the proletariat reigned on the basis of a bourgeois economy. In the field of agriculture the dictatorship of the proletariat operated for a number of years on the basis of a petty-bourgeois economy (to a considerable degree it does so even now)."*<sup>67</sup>

In the same article, Trotsky continues by comparing the ruling bureaucracy in

<sup>65</sup> Leon Trotsky: *The Bonapartist Philosophy of the State*; in: *Trotsky Writings, 1938-39*, New York 1974, p. 325

<sup>66</sup> Leon Trotsky: *Problems of the International Opposition (Two Letters)*, (1928); in: *Challenge of the Left Opposition (1928-29)*, New York, 1981, p. 42

<sup>67</sup> Leon Trotsky: *Not a Workers' and not a Bourgeois State? (1937)*; in: *Trotsky Writings, 1937-38*, p. 63

a Stalinist workers' state with the bureaucracy of a trade union:

*“The class character of the state is determined by its relation to the forms of property in the means of production. The character of a workers' organization such as a trade union is determined by its relation to the distribution of national income. The fact that Green and Company defend private property in the means of production characterizes them as bourgeois. Should these gentlemen in addition defend the income of the bourgeoisie from attacks on the part of the workers; should they conduct a struggle against strikes, against the raising of wages, against help to the unemployed; then we would have an organization of scabs, and not a trade union. However, Green and Company, in order not to lose their base, must within certain limits lead the struggle of the workers for an increase – or at least against a diminution – of their share of the national income. (...)*

*The function of Stalin, like the function of Green, has a dual character. Stalin serves the bureaucracy and thus the world bourgeoisie; but he cannot serve the bureaucracy without defending that social foundation which the bureaucracy exploits in its own interests. To that extent does Stalin defend nationalized property from imperialist attacks and from the too impatient and avaricious layers of the bureaucracy itself. However, he carries through this defense with methods that prepare the general destruction of Soviet society. It is exactly because of this that the Stalinist clique must be overthrown. The proletariat cannot subcontract this work to the imperialists. In spite of Stalin, the proletariat defends the USSR from imperialist attacks. (...)*

*Comrades B. and C. are completely correct when they say that Stalin and Company by their politics serve the international bourgeoisie. But this correct thought must be established in the correct conditions of time and place. Hitler also serves the bourgeoisie. However, between the functions of Stalin and Hitler there is a difference. Hitler defends the bourgeois forms of property. Stalin adapts the interests of the bureaucracy to the proletarian forms of property. The same Stalin in Spain, i.e., on the soil of a bourgeois regime, executes the function of Hitler (in their political methods they generally differ little from one another). The juxtaposition of the different social roles of the one and the same Stalin in the USSR and in Spain demonstrates equally well that the bureaucracy is not an independent class but the tool of classes; and that it is impossible to define the social nature of a state by the virtue or villainy of the bureaucracy.*

*The assertion that the bureaucracy of a workers' state has a bourgeois character must appear not only unintelligible but completely senseless to people stamped with a formal cast of mind. However, chemically pure types of state never existed, and do not exist in general. The semifeudal Prussian monarchy executed the most important tasks of the bourgeoisie, but executed them in its own manner, i.e., in a feudal, not a Jacobin style. In Japan we observe even today an analogous correlation between the bourgeois character of the state and the semifeudal character of the ruling caste. But all this does not hinder us from clearly differentiating between a feudal and a bourgeois society. True, one can raise the objection that the collaboration of feudal and bourgeois forces is immeasurably more easily realized than the collaboration of bourgeois and proletarian forces, inasmuch as the first instance presents a case of two forms of class exploitation. This is completely correct. But a workers' state does not create a new society in one*

day. Marx wrote that in the first period of a workers' state the bourgeois norms of distribution are still preserved. (...) One has to weigh well and think this thought out to the end. The workers' state itself, as a state, is necessary exactly because the bourgeois norms of distribution still remain in force.

This means that even the most revolutionary bureaucracy is to a certain degree a bourgeois organ in the workers' state. Of course, the degree of this bourgeoisification and the general tendency of development bear decisive significance. If the workers' state loses its bureaucratization and gradually falls away, this means that its development marches along the road to socialism. On the contrary, if the bureaucracy becomes ever more powerful, authoritative, privileged, and conservative, this means that in the workers' state the bourgeois tendencies grow at the expense of the socialist; in other words, that inner contradiction which to a certain degree is lodged in the workers' state from the first days of its rise does not diminish, as the "norm" demands, but increases. However, so long as that contradiction has not passed from the sphere of distribution into the sphere of production, and has not blown up nationalized property and planned economy, the state remains a workers' state."<sup>68</sup>

When *Le Temps*, the leading paper of the French bourgeoisie, commented on the reinstatement of symbols of ranks in the Red Army, that this move reflects a wider process in the Soviet Union and concluded "*The Soviets are getting more and more bourgeois*", Trotsky wrote:

"We encounter such statements by the thousand. They incontrovertibly demonstrate that the process of bourgeois degeneration among the leaders of Soviet society has gone a long way. At the same time they show that the further development of Soviet society is unthinkable without freeing that society's socialist base from its bourgeois-bureaucratic and Bonapartist superstructure"<sup>69</sup>

Trotsky's analysis of the social contradictions in Stalinist states has important consequences for the program of the working class liberation struggle. Trotsky explained that the working class cannot remove the bureaucracy via a reform, via pressure from below, but only by a political revolution, i.e., an armed insurrection to overthrow the bureaucratic caste. At the same time the working class does not have to expropriate a capitalist class but rather has only to reform the economic planning. Trotsky elaborated the tasks of the political revolution in his major work on Stalinism – *The Revolution Betrayed*:

"In order better to understand the character of the present Soviet Union, let us make two different hypotheses about its future. Let us assume first that the Soviet bureaucracy is overthrown by a revolutionary party having all the attributes of the old Bolshevism, enriched moreover by the world experience of the recent period. Such a party would begin with the restoration of democracy in the trade unions and the Soviets. It would be able to, and would have to, restore freedom of Soviet parties. Together with the masses,

<sup>68</sup> Leon Trotsky: *Not a Workers' and not a Bourgeois State?* (1937); in: Trotsky Writings, 1937-38, pp. 65-67 (our emphasis)

<sup>69</sup> Leon Trotsky: *Preface to Norwegian edition of 'My Life'* (1935); in: Trotsky Writings, Supplement 1934-40, New York 1979, p. 619

and at their head, it would carry out a ruthless purgation of the state apparatus. It would abolish ranks and decorations, all kinds of privileges, and would limit inequality in the payment of labor to the life necessities of the economy and the state apparatus. It would give the youth free opportunity to think independently, learn, criticize and grow. It would introduce profound changes in the distribution of the national income in correspondence with the interests and will of the worker and peasant masses. But so far as concerns property relations, the new power would not have to resort to revolutionary measures. It would retain and further develop the experiment of planned economy. After the political revolution – that is, the deposing of the bureaucracy – the proletariat would have to introduce in the economy a series of very important reforms, but not another social revolution.”<sup>70</sup>

While Trotsky did not formulate it explicitly, it is clear from his writings that he expected the working class revolution against the Stalinist bureaucracy to be much more violent than a possible capitalist restoration overthrowing the proletarian property relations. The reason is that the “bourgeois-bureaucratic” state machine (i.e., police, standing army, bureaucracy) is not a proletarian instrument, but one of the petty-bourgeois Stalinist bureaucracy which is much closer to the bourgeoisie than the working class. Therefore the political revolution required not the reform but the smashing of the Stalinist-Bonapartist state apparatus.<sup>71</sup>

In one of his final articles on the Stalinist bureaucracy, Trotsky wrote in 1939:

*“The Bonapartist apparatus of the state is thus an organ for defending the bureaucratic thieves and plunderers of national wealth. (...) To believe that this state is capable of peacefully “withering away” is to live in a world of theoretical delirium. The Bonapartist caste must be smashed, the Soviet state must be regenerated. Only then will the prospects of the withering away of the state open up.”*<sup>72</sup>

In this he foresaw that any serious attempt of the working class to topple the bureaucracy would meet the full military force of the Stalinist apparatus. This is what happened in Eastern Germany in 1953, Hungary in 1956, Czechoslovakia in 1968, Poland in 1980/81 and China in 1989. On the other hand, when the capitalist restoration took place in Eastern Europe, the USSR or China in 1989-92, this was hardly met with violent resistance by any faction of the Stalinist bureaucracy. In *The Revolution Betrayed* Trotsky explicitly stated that the capitalist restoration would find much more support amongst the Stalinist

<sup>70</sup> Leon Trotsky: *The Revolution Betrayed* (1936), Pathfinder Press 1972, pp. 252-253

<sup>71</sup> See on this also our elaborations of the Marxist theory of the state in the context of the beginning and end of the Stalinist states: League for a Revolutionary Communist International: *Marxism, Stalinism and the theory of the state*, in: *Trotskyist International* No. 23 (1998), pp. 33-43. This article, written by Mark Abram and Clare Watson, is largely based on a resolution which our predecessor organization – the League for a Revolutionary Communist International – adopted at its IV Congress in summer 1997.

<sup>72</sup> Leon Trotsky: *The Bonapartist Philosophy of the State* (1939); in: *Trotsky Writings, 1938-39*, New York 1974, pp. 324-325 (emphasis in original)

bureaucracy than a working class political revolution:

*"If – to adopt a second hypothesis – a bourgeois party were to overthrow the ruling Soviet caste, it would find no small number of ready servants among the present bureaucrats, administrators, technicians, directors, party secretaries and privileged upper circles in general. A purgation of the state apparatus would, of course, be necessary in this case too. But a bourgeois restoration would probably have to clean out fewer people than a revolutionary party. The chief task of the new power would be to restore private property in the means of production."*<sup>73</sup>

This presentation of Trotsky's deliberations about the petty-bourgeois Stalinist bureaucracy helps us to find a theoretical explanation for the fact that the petty-bourgeois Castroite M-26-7 apparatus could oversee a bureaucratic social revolution and transform itself into a petty-bourgeois Stalinist bureaucracy without major frictions. It was these dynamics which made it possible – as we stated in *The Degenerated Revolution* that:

*"Castro, who in 1959 was a bonaparte for the enfeebled Cuban bourgeoisie was, by 1962, a bonaparte 'for' the politically expropriated Cuban working class."*<sup>74</sup>

Trotsky himself already foresaw such a possibility as he wrote in the *Transitional Program*, the founding document of the Fourth International in 1938:

*"Is the creation of such a government by the traditional workers' organizations possible? Past experience shows, as has already been stated, that this is, to say the least, highly improbable. However, one cannot categorically deny in advance the theoretical possibility that, under the influence of completely exceptional circumstances (war, defeat, financial crash, mass revolutionary pressure, etc.), the petty bourgeois parties, including the Stalinists, may go further than they wish along the road to a break with the bourgeoisie. In any case one thing is not to be doubted: even if this highly improbable variant somewhere at some time becomes a reality and the "workers' and farmers' government" in the above-mentioned sense is established in fact, it would represent merely a short episode on the road to the actual dictatorship of the proletariat."*<sup>75</sup>

How should revolutionary workers have reacted to such bureaucratic social revolutions like that which happened in Cuba in 1959-61? They should have supported all concrete measures against the imperialists and the domestic Cuban bourgeoisie. They should have called for a full and rapid expropriation of the capitalist class. However at the same time they would have fought against the oppression of independent working class initiatives. They would have called for the expropriation of the bourgeoisie *under the control of the workers and poor peasants* and not the Castroite/Stalinist bureaucracy. They

<sup>73</sup> Leo Trotzki: *Die Verratene Revolution* (1936); in: *Trotzki Schriften* 1.2, pp. 956-957; in English: *The Revolution Betrayed*, <http://marxists.org/archive/trotsky/1936/revbet/index.htm>

<sup>74</sup> League for a Revolutionary Communist International / Workers Power (Britain): *The Degenerated Revolution. The Origin and Nature of the Stalinist States* (1982), p. 73

<sup>75</sup> Leon Trotsky: *The Death Agony of Capitalism and the Tasks of the Fourth International: The Mobilization of the Masses around Transitional Demands to Prepare the Conquest of Power (The Transitional Program)*; in: *Documents of the Fourth International. The Formative Years (1933-40)*, New York 1973, p. 203

would have opposed the *bureaucratic* social revolution and instead fought for the formation of workers' and peasants' councils and militias and the formation of a revolutionary workers' and peasants' government. Such a workers' and peasants' government should have carried out an authentic social revolution leading to the creation of a healthy workers state as it happened in Russia in 1917 when the working class took power under the leadership of the Bolshevik party.

Trotsky explained – taking the example of the bureaucratic social revolutions in Poland, parts of Finland and the Baltic countries in 1939-40 – that revolutionaries should support the expropriation of the bourgeoisie as such, but not the political process of such a bureaucratic transformation as a whole. The reason is simply that it leads to the political expropriation and oppression of the working class. This is why such bureaucratic social revolutions are “reactionary”:

*“The primary political criterion for us is not the transformation of property relations in this or another area, however important these may be in themselves, but rather the change in the consciousness and organization of the world proletariat, the raising of their capacity for defending former conquests and accomplishing new ones. From this one, and the only decisive standpoint, the politics of Moscow, taken as a whole, wholly retain their reactionary character and remain the chief obstacle on the road to the world revolution. Our general appraisal of the Kremlin and Comintern does not, however, alter the particular fact that the statification of property in the occupied territories is in itself a progressive measure. (...) The statification of the means of production is, as we said, a progressive measure. But its progressiveness is relative; its specific weight depends on the sum-total of all the other factors. Thus, we must first and foremost establish that the extension of the territory dominated by bureaucratic autocracy and parasitism, cloaked by “socialist” measures, can augment the prestige of the Kremlin, engender illusions concerning the possibility of replacing the proletarian revolution by bureaucratic maneuvers and so on. This evil by far outweighs the progressive content of Stalinist reforms in Poland. In order that nationalized property in the occupied areas, as well as in the USSR, become a basis for genuinely progressive, that is to say socialist development, it is necessary to overthrow the Moscow bureaucracy. Our program retains, consequently, all its validity.”*<sup>76</sup>

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<sup>76</sup> Leon Trotsky: The USSR in War (1939), in: Leon Trotsky: In Defense of Marxism, New York 1990, p. 19

### iii) Trotsky's Program of Political Revolution against the Stalinist Dictatorship

Trotsky elaborated the program of political revolution against the dictatorship of the Stalinist bureaucracy in the 1930s which he presented in the founding document of the Fourth International – the *Transitional Program*.

On the basis of the experience of the fast degeneration of the Soviet regime which culminated in a pre-emptive civil war against the workers vanguard and significant parts of the Communist Party itself, he came to the conclusion that *"the chief political task in the USSR still remains the overthrow of this same Thermidorian bureaucracy."*<sup>77</sup> Such an overthrow was the only way to open the road to socialism: *"Only the victorious revolutionary uprising of the oppressed masses can revive the Soviet regime and guarantee its further development toward socialism."*

In case of an attack by a capitalist force (as, in fact, happened when Hitler attacked the USSR in 1941 and, yet again, when the imperialist powers opened the Cold War against the Stalinist states), it was necessary to defend the USSR. Trotsky elaborated this by taking the examples of an openly pro-capitalist/fascist *"faction of Butenko"* amongst the bureaucracy and the *"faction of Reiss"* as the revolutionary force:

*"If tomorrow the bourgeois-fascist grouping, the 'faction of Butenko,' so to speak, should attempt the conquest of power, the 'faction of Reiss' inevitably would align itself on the opposite side of the barricades. Although it would find itself temporarily the ally of Stalin, it would nevertheless defend not the Bonapartist clique but the social base of the USSR, i.e., the property wrenched away from the capitalists and transformed into state property. Should the 'faction of Butenko' prove to be in alliance with Hitler, then the 'faction of Reiss' would defend the USSR from military intervention, inside the country as well as on the world arena. Any other course would be a betrayal."*

It was based on this understanding that the Fourth International rallied to the defence of the USSR during the Second World War and later during the Cold War.

Such a defence would include a *temporary* united front with those sectors of the bureaucracy which were prepared for this within the USSR and its planned, post-capitalist property relations: *"... it is thus impermissible to deny in advance the possibility, in strictly defined instances, of a 'united front' with the Thermidorian section of the bureaucracy against open attack by capitalist counterrevolution..."*

Trotsky expected that the struggle against the Stalinist bureaucracy would begin around social demands and for political freedom. *"A fresh upsurge of the revolution in the USSR will undoubtedly begin under the banner of the struggle against social inequality and political oppression. Down with the privileges of the bureaucracy!"*

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<sup>77</sup> Leon Trotsky: "The Death Agony of Capitalism and the Tasks of the Fourth International: The Mobilization of the Masses around Transitional Demands to Prepare the Conquest of Power" (The Transitional Program); in: Documents of the Fourth International. The Formative Years (1933-40), New York 1973, p. 212. All quotes in this sub-chapter are taken from Trotsky's *Transitional Program*.

*Down with Stakhanovism! Down with the Soviet aristocracy and its ranks and orders! Greater equality of wages for all forms of labor!"*

The experience of the workers' uprisings in 1953 East Germany, 1956 Hungary, 1968 Czechoslovakia, Poland in 1980-81, and Eastern Europe, USSR, and China in 1989-91 demonstrated that economic as well as democratic demands indeed played a central role in mobilizing the masses against the Stalinist regime.

Trotsky emphasized the need to create the soviets as democratic organs of the working class and the oppressed and to expel the bureaucrats from their ranks: *"The bureaucracy replaced the soviets as class organs with the fiction of universal electoral rights—in the style of Hitler-Goebbels. It is necessary to return to the soviets not only their free democratic form but also their class content. As once the bourgeoisie and kulaks were not permitted to enter the soviets, so now it is necessary to drive the bureaucracy and the new aristocracy out of the soviets. In the soviets there is room only for representatives of the workers, rank-and-file collective farmers, peasants and Red Army men."*

He also underlined the importance to fight for democratic demands so that the working class and the poor peasants can organize and discuss freely: *"The struggle for the freedom of the trade unions and the factory committees, for the right of assembly and freedom of the press, will unfold in the struggle for the regeneration and development of Soviet democracy...Democratization of the soviets is impossible without legalization of soviet parties. The workers and peasants themselves by their own free vote will indicate what parties they recognize as soviet parties...All political trials, staged by the Thermidorian bureaucracy, to be reviewed in the light of complete publicity and controversial openness and integrity."*

Trotsky also called for the democratisation of the bureaucratically deformed planned economy through the control of the working class: *"A revision of planned economy from top to bottom in the interests of producers and consumers! Factory committees should be returned the right to control production. A democratically organized consumers' cooperative should control the quality and price of products."*

The reactionary policy of the Stalinist regime had to be broken not only domestically but also in the field of foreign policy: *"The reactionary international policy of the bureaucracy should be replaced by the policy of proletarian internationalism. The complete diplomatic correspondence of the Kremlin to be published. Down with secret diplomacy!"*

Finally, Trotsky emphasized that – as in all other countries – the working class revolution against the Stalinist regime can only succeed if a revolutionary party, part of a worldwide party for socialist revolution, is build in time: *"There is but one party capable of leading the Soviet masses to insurrection—the party of the Fourth International!"*

#### iv) The Program of Political Revolution against the Castroite/Stalinist Regime in Cuba

Cuba was a degenerated workers state from 1960/61 onwards until 2010/11. In this period as Trotskyists we fought for a program of political revolution in Cuba.<sup>78</sup> Thus, *we called for defense of the planning system and the proletarian property relations against any step towards capitalist restoration*. The best defense of the post-capitalist economy was the struggle against the bureaucratic control over it. Planning had to be put under the control of freely elected working class delegates with full integration of consumer needs. Instead of the dictatorship of the director of an enterprise, *the workers themselves had to take control of it*. All privileges of the bureaucracy had to be abolished and for this all their income and living conditions had to become transparent for the Cuban workers. Part of the program for political revolution was also *the struggle against all forms of oppression against women, youth and lesbian and gays*. We note in passing that homosexual relations were criminalized in Cuba until 1979.

Such a program requires the struggle for working class independence. A central demand is the legal right of workers to strike. It also includes the need to build *action committees* in the enterprises as well as the neighborhoods and also the need to form *independent trade union* which are not – unlike the official *Central de Trabajadores Cubanos* (CTC) – absolutely tied to the Cuban state bureaucracy.

Revolutionaries would have fought against the one-party dictatorship of Castro's PCC. They would have called for the right of the workers and peasants to form their own parties independent of the Stalinist bureaucracy as Trotsky already stated in the "Transitional Program" in 1938: *"Democratization of the soviets is impossible without legalization of soviet parties. The workers and peasants themselves by their own free vote will indicate what parties they recognize as soviet parties."*<sup>79</sup>

The struggle for working class independence must find its highest form in the formation of *action councils* (soviets) and *armed popular militias* – like the Russian workers did in 1905 and 1917 and the Hungarian workers did in 1956, to give

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<sup>78</sup> We have analyzed the situation in Cuba and elaborated our program for political revolution more in detail in various articles. See on this John Bowman: Taking the capitalist road? The market reforms in Cuba, LFI, in: Fifth International Vol. 3, No. 1 (2008), pp. 25-33, <http://www.fifthinternational.org/content/taking-capitalist-road-market-reforms-cuba>; Keith Harvey: Cuba: Socialism in a "special period"?, LRCL, in: Trotskyist International No. 21 (1997), pp. 20-25, <http://www.fifthinternational.org/content/cuba-socialism-%E2%80%9Cspecial-period%E2%80%9D>; John McKee: Cuba – the final domino? LRCL, in: Trotskyist International No. 6 (1991), pp. 38-45, <http://www.fifthinternational.org/content/cuba%E2%80%94final-domino>

<sup>79</sup> Leon Trotsky: The Death Agony of Capitalism and the Tasks of the Fourth International: The Mobilization of the Masses around Transitional Demands to Prepare the Conquest of Power (The Transitional Program); in: Documents of the Fourth International. The Formative Years (1933-40), New York 1973, p. 213

just a few examples. Such action councils would be authentic and democratic assemblies of the masses, in contrast to the so-called *Comités de Defensa de la Revolución* (CDR, Committees for Defense of the Revolution) which act in reality as a secret police force to prevent workers and the oppressed organizing independently of the regime. Authentic councils of the masses must be completely free from any bureaucratic control. In fact, they can only be created as a result of the struggle against the Castroite bureaucracy.<sup>80</sup>

Of course the Castroite-Stalinist regime would never tolerate any challenge to its power and would use all force available to smash working class resistance. The political revolution could only succeed as an armed insurrection in order to smash the Stalinist-bourgeoisified state apparatus and to replace it with a healthy workers' state, i.e., a proletarian dictatorship as it existed in the young Soviet Union in the times of Lenin and Trotsky. Such a revolutionary workers' state would have strived to internationalize the revolution in Latin America and all over the world.

However a successful outcome of the political revolution against the Castroite/Stalinist regime required the timely formation of a Bolshevik organization as a nucleus to build a revolutionary party. Only under the leadership of such a revolutionary party could the working class have successfully overthrow the bureaucracy and take power in its own hands.

## v) Stalinism and the Restoration of Capitalism

Stalinism and the degenerated workers states were, and could only be, temporary phenomena. On the one hand, the working class was not willing to indefinitely tolerate the bureaucratic tyranny, while on the other hand, the Stalinist ruling caste was not prepared to indefinitely satisfy itself with only privileges, but without formal rights to private property. Trotsky already predicted this in his book *The Revolution Betrayed*:

*"Let us assume (...) that neither a revolutionary nor a counterrevolutionary party seizes power. The bureaucracy continues at the head of the state. Even under these conditions social relations will not jell. We cannot count upon the bureaucracy's peacefully and voluntarily renouncing itself on behalf of socialist equality. If at the present time, notwithstanding the too obvious inconveniences of such an operation, it has considered it possible to introduce ranks and decorations, it must inevitably in*

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<sup>80</sup> Trotsky explained in the "Transitional Program" that the masses have to expel the bureaucracy from future soviets: *"The bureaucracy replaced the soviets as class organs with the fiction of universal electoral rights—in the style of Hitler-Goebbels. It is necessary to return to the soviets not only their free democratic form but also their class content. As once the bourgeoisie and kulaks were not permitted to enter the soviets, so now it is necessary to drive the bureaucracy and the new aristocracy out of the soviets. In the soviets there is room only for representatives of the workers, rank-and-file collective farmers peasants and Red Army men."* (Leon Trotsky: *The Death Agony of Capitalism ...*, p. 213) The experience of the revolutions in Eastern Europe after the Second World War (e.g. Hungary 1956) demonstrated the correctness of Trotsky's consideration.

*future stages seek supports for itself in property relations. One may argue that the big bureaucrat cares little what are the prevailing forms of property, provided only they guarantee him the necessary income. This argument ignores not only the instability of the bureaucrat's own rights, but also the question of his descendants. The new cult of the family has not fallen out of the clouds. Privileges have only half their worth, if they cannot be transmitted to one's children. But the right of testament is inseparable from the right of property. It is not enough to be the director of a trust; it is necessary to be a stockholder. The victory of the bureaucracy in this decisive sphere would mean its conversion into a new possessing class. On the other hand, the victory of the proletariat over the bureaucracy would insure a revival of the socialist revolution.”<sup>81</sup>*

Indeed, we have seen in the former Stalinist states in Eastern Europe, the USSR and China that the Stalinist bureaucracy, specifically majority factions among them, initiated and actively pursued the capitalist restoration in their countries. In the case of China and Vietnam (and also Cuba as we will show below), we even saw the process of capitalist restoration completely taking place under the unabated rule of the Stalinist party. In our book *“The Great Robbery of the South”* we have shown that, in the case of China, the capitalist restoration in the early 1990s even led to the creation of an emerging imperialist power.<sup>82</sup>

As we saw in the case of Cuba, where during its early days the petty-bourgeois Castroite M-26-7 apparatus oversaw a bureaucratic social revolution and transformed itself into a petty-bourgeois Stalinist bureaucracy without inciting significant opposition, so too, in the more recent past, the reverse process has taken place: the petty-bourgeois Stalinist bureaucracy is overseeing a process of capitalist restoration, and is transforming relatively large portions of its members into a new ruling capitalist class without inciting significant opposition. In other words, Castroism has come full cycle and returned to its bourgeois roots.

When can we state that such a capitalist restoration has taken place? The answer is: when a Stalinist bureaucratic workers' government is replaced by or transforms itself into a bourgeois restorationist government. Such a bourgeois restorationist government is one which is firmly resolved, both in words and deeds, to reestablish a capitalist mode of production, i.e., to move decisively against planned property relations in favor of creating a capitalist economy based on the law of value.<sup>83</sup>

As we can unequivocally state that a workers' state has been created the moment a government that has taken power starts implementing a process of establishing proletarian relations of production, similarly we can unreservedly

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<sup>81</sup> Leon Trotsky: *The Revolution Betrayed* (1936), Pathfinder Press 1972, p. 253

<sup>82</sup> See Michael Pröbsting: *The Great Robbery of the South. Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital. Consequences for the Marxist Theory of Imperialism.* Chapter 10, pp. 241-290

<sup>83</sup> See on this League for a Revolutionary Communist International: *The error of the 'Moribund Workers State' - a correction, Resolution of the LRCI's V. Congress in July 2000*, in: *Workers Power* (Britain) No. 248, November 2000, pp. 12-13. The author of the resolution was Richard Brenner.

state that capitalism has been restored the moment a bourgeois government takes power and starts carrying out a set of measures intended to establish a system of capitalist exploitation.

As we have already noted, Trotsky maintained that the class character of a state is determined by the class property relations it defends. This is why we can speak about the creation of a workers' state in Russia in October 1917 – when the Bolsheviks took power – despite the fact that they only started to nationalize the economy in mid-1918.

*“The class nature of the state is, consequently, determined not only by its political forms but by its social content; i.e., by the character of the forms of property and productive relations which the given state guards and defends.”*<sup>84</sup>

Analogously, we don't identify the turning point in the process of capitalist restoration simply when the economy has been privatized or entirely operates under the law of value. Rather, capitalist restoration is a process which takes time. Trotsky predicted that a restored capitalist state would, at its beginning, have to operate on the basis of nationalized enterprises.

*“But does not history really know of cases of class conflict between the economy and the state? It does! After the “third estate” seized power, society for a period of several years still remained feudal. In the first months of Soviet rule the proletariat reigned on the basis of a bourgeois economy. In the field of agriculture the dictatorship of the proletariat operated for a number of years on the basis of a petty-bourgeois economy (to a considerable degree it does so even now). Should a bourgeois counterrevolution succeed in the USSR, the new government for a lengthy period would have to base itself upon the nationalized economy. But what does such a type of temporary conflict between the economy and the state mean? It means a revolution or a counter-revolution. The victory of one class over another signifies that it will reconstruct the economy in the interests of the victors. But such a dichotomous condition, which is a necessary stage in every social overturn, has nothing in common with the theory of a classless state which in the absence of a real boss is being exploited by a clerk, i.e., by the bureaucracy.”*<sup>85</sup>

Indeed this was the case not only in China and Vietnam but even in several Eastern European and Central Asian countries, where the core sectors of the economy remained largely state property for some time after the capitalist restoration in 1989-91.

The thoroughly pro-capitalist role of the Stalinist bureaucracy in the restoration process in the late 1980s and early 1990s demonstrated once more the non-proletarian, petty-bourgeois class character of the Stalinist bureaucratic caste.

<sup>84</sup> Leon Trotsky: Not a Workers' and not a Bourgeois State? (1937); in: Trotsky Writings, 1937-38, p. 61

<sup>85</sup> Leon Trotsky: Not a Workers' and not a Bourgeois State? (1937); in: Trotsky Writings, 1937-38, pp. 63-64 (our emphasis)

## Chapter III: Capitalist Restoration in Cuba: How it Took Place

The Stalinist states were “*Transitional Societies*”, states stuck in the transition from capitalism to socialism due to the rule of counter-revolutionary bureaucracies which blocked the advance of socialist revolution both at home and internationally. As Trotsky predicted in his writings, these states were and could only be transitional phenomena: they had to either move forward by means of political revolution against the bureaucracy or move backward with a social counter-revolution and the restoration of capitalism.

Internationally, the numerous blows against the workers’ vanguard by capital and their reformist and Stalinist lackeys, as well as the betrayal and decomposition of the centrist Fourth International, paved the way for the second, negative option: the disintegration of the degenerated workers’ states and the successful restoration of capitalism in Eastern Europe, the USSR and China from 1989-92.<sup>86</sup>

Therefore we wrote in 2000: “*The only workers’ states today - both degenerate ones - are Cuba and North Korea. If and when it can be shown that the government and decisive forces within the bureaucratic-military apparatus in these states promotes fully-fledged capitalist restoration rather than limited market reforms we should then define them as capitalist states.*”<sup>87</sup>

We now think that this situation has changed and that by 2010/2011 the Castro regime turned decisively to restore a capitalist economy in Cuba based on the law of value. As we already have written above, Castroism has come full cycle and returned to its bourgeois roots.

This is not surprising, since the collapse of all Stalinist-ruled degenerated workers’ states has left Cuba, a small and industrially underdeveloped island, with no allies. As indicated earlier, after the embargo by US imperialism and its Castro’s affiliation with the Stalinist camp from 1961 onwards, Cuba was completely dependent economically on the USSR. It is possible that, by the 1980s, Soviet assistance to Cuba reached a level of as much as one-third of the island’s national output.<sup>88</sup>

Consequently, when the USSR collapsed, Cuba’s economy collapsed as well,

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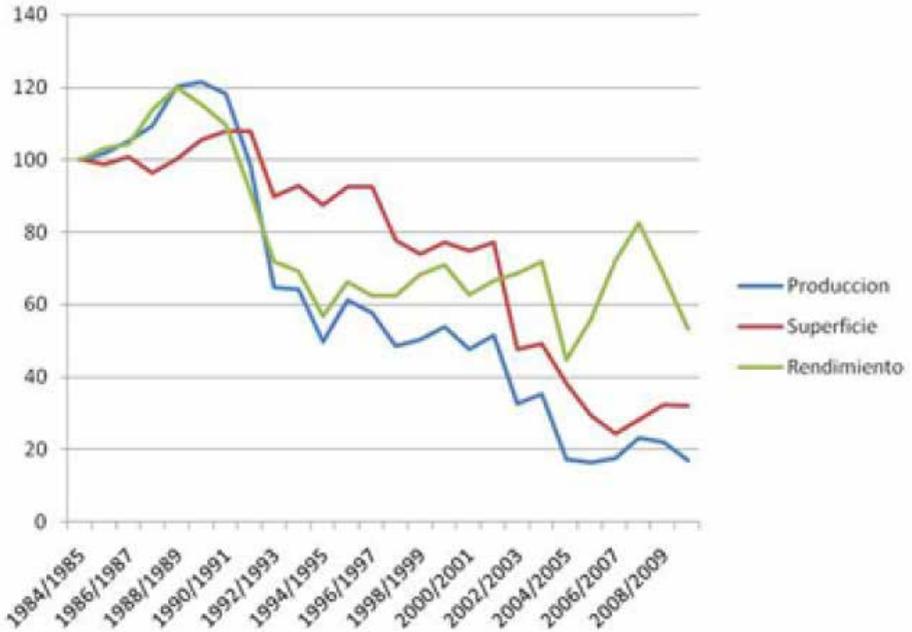
<sup>86</sup> On the capitalist restoration in China see various documents which we published in our predecessor organization (LRCI/LFI). Peter Main: China: ‘socialism’ with capitalist characteristics” (in: Trotskyist International No. 11, 1993); Peter Main: China: Stalinists draw near their capitalist goal” (in: Trotskyist International No. 22, 1997); Peter Main: Restoring capitalism in China (2000), <http://www.fifthinternational.org/content/restoringcapitalism-china>;

<sup>87</sup> See on this League for a Revolutionary Communist International: The error of the ‘Moribund Workers State’ - a correction, Resolution of the LRCI’s V. Congress in July 2000, in: Workers Power (Britain) No. 248, November 2000, p. 12

<sup>88</sup> Luis Locay: The Future of Cuba’s Labor Market: Prospects and Recommendations, Cuba Transition Project (CTP), Institute for Cuban and Cuban-American Studies, University of Miami, 2004, p. 7

and it has not recovered since. By 1993, Gross Domestic Product (GDP) had fallen by 31.6% from its 1989 level, per capita GDP had gone down by 34% and the economy ran at an estimated 60% of its capacity at best.<sup>89</sup> Sugar production – the traditional main export commodity of Cuba – sharply declined and has not recovered, as is shown in Figure 1. By 2008/09, sugar production was less than 1/5 of its level in 1984/85.

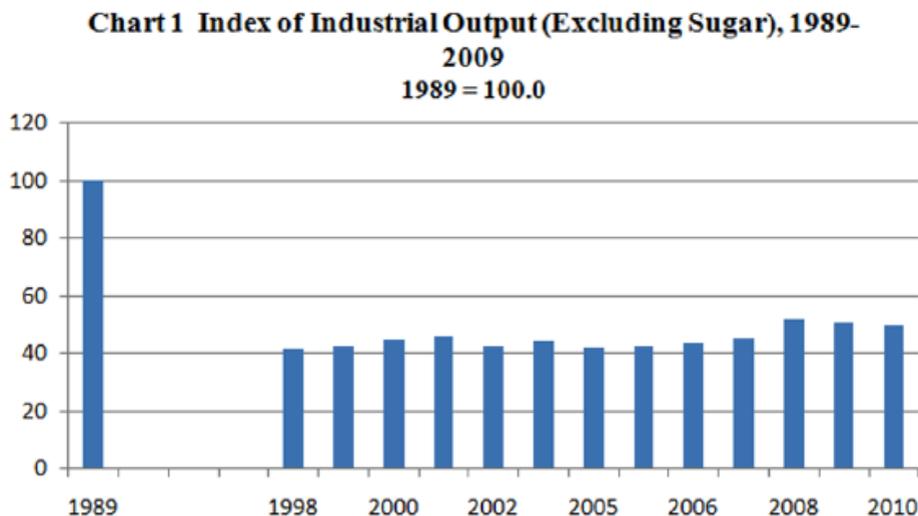
**Figure 1 Cuban Sugar Production, Area under Cultivation, and Yield (1984/1985 = 100)**<sup>90</sup>



Cuban industry, aside from sugar production, was not fared much better. In 2010, industrial output was still only half of its level in 1989 (see Figure 2).

<sup>89</sup> Antoni Kapcia: Cuba in Revolution. A History since the Fifties, Reaktion Books 2008, p. 157

<sup>90</sup> Joaquín P. Pujol: Where is Cuba Going? Economic Policies that Have Been Adopted and Results Thus Far; in: Cuba in Transition Volume 22 (2012), Association for the Study of the Cuban Economy, 2012, p. 2

**Figure 2 Cuban Domestic Industrial Output 1989-2010** <sup>91</sup>

Consequently, between 1989 and 2008, the industrial share of GDP fell from 28% to 15%.<sup>92</sup> Accumulation of means of production – expressed as the share of Gross Fixed Capital Formation of GDP – fell from 25.6% in 1989 to only 8.2% in 2010 (compared with a regional average of 22.4% in 2008).<sup>93</sup> (See also Table 3 on this) This inability to renew production apparatus or even to cover the depreciation of existing facilities, is a clear sign of outright economic stagnation.

**Table 3 Gross Fixed Capital Formation in Cuba, 2002-2010 (as Percentages of GDP)** <sup>94</sup>

2002	2003	2004	2005	2006	2007	2008	2009	2010
9.1	8.2	8.3	9.0	11.5	11.0	11.4	9.5	8.2

<sup>91</sup> Joaquín P. Pujol: *Where is Cuba Going? Economic Policies that Have Been Adopted and Results Thus Far*, 2012, p. 4

<sup>92</sup> Carmelo Mesa-Lago: *Social Services in Cuba: Antecedents, Quality, Financial Sustainability, and Policies for the Future*; in: Rafael Romeu, Jorge F. Pérez-López, Carmelo Mesa-Lago: *The Cuban Economy: Recent Trends*, Woodrow Wilson International Center for Scholars, 2011, p. 74

<sup>93</sup> Carmelo Mesa-Lago: *Social Services in Cuba: Antecedents, Quality, Financial Sustainability, and Policies for the Future*; in: Rafael Romeu, Jorge F. Pérez-López, Carmelo Mesa-Lago: *The Cuban Economy: Recent Trends*, Woodrow Wilson International Center for Scholars, 2011, p. 71

<sup>94</sup> ECLAC: *Economic Survey of Latin America and the Caribbean 2010-2011*, p. 70

While production declined, debt to foreign banks and states grew massively. As of the end of 2008, Cuba's total known foreign debts – including its debt to the imperialist so-called “Paris Club” – in convertible currencies had grown to nearly US\$31.7 billion, which is as high as 69.7% of GDP.<sup>95</sup>

The Castroite bureaucracy reacted to the economic crisis by cutting back the state sector and social security, and encouraging the private market. An observer writes:

*“In late 1993, the Cuban government began implementing a series of policies that would stabilize the economy and result in modest recovery. The new policies decriminalized the possession and use of hard currency legalized transfers of dollars from abroad, and allowed very limited forms of self-employment. State farms were converted into cooperatives, and farmers’ markets, where most products could be sold at free market prices, were legalized. Foreigners were allowed to own property, and foreign investment in the form of joint ventures with the government were encouraged. Government employment was reduced. Over the period between 1993 and 2000, real GDP grew by 29.3 percent and per capita growth by almost 26 percent. Yet by 2000, GDP and GDP per capita were still 12 percent and 17 percent below their respective 1989 levels. (...)*

*With the collapse of the Soviet Union, this system became untenable, and after initial resistance the Cuban government was forced to reduce state employment and allow the appearance of a small, but significant, private sector to absorb some of the displaced workers. Other workers were absorbed through government joint ventures with foreign firms, mostly in the tourism sector. These firms have to hire their workers through a government employment agency. The salaries of such workers are paid in dollars to the government agency, which then pays the workers in pesos at an exchange rate of one-to-one. The market exchange rate has not been below 20 pesos per dollar since possession of dollars was legalized, so the effective tax rate has been 95 percent or higher. Some reduction in state employment also appears to have been achieved through early retirement.*

*From 1989 to 1998, the state sector’s share of employment fell from about 95 percent to 79 percent, or about 687,000 workers, and the civilian government workforce fell by about 583,000, according to my research. Most of the decline followed shortly after the reforms of 1993-1994. This decline in government employment was accounted for by (1) converting most state farms into cooperatives (264,000 workers), which, though they have some autonomy, are far from being private enterprises; (2) increasing employment in the joint ventures between the government and foreign firms mentioned above (131,000 workers); and (3) the true private sector, made up for the most part of small farmers and the newly permitted self-employed (254,000 workers). The remaining decline in public sector employment was accounted for by declines in the labor force (82,000 persons). Unemployment was actually lower in 1998 than in 1989 (a decline of 65,000). The official data does not adequately account for informal activity, so the*

<sup>95</sup> Republic of Cuba - European Union: Country Strategy Paper and National Indicative Programme for the period 2011-2013, 2010, pp. 9 and 87

*relative decline of the state sector may be understated. From 1989 to 1998, the size of the working age population rose (with 424,000 more people), and postsecondary enrollment fell (by 140,000 fewer students). Together with the declining size of the labor force, these numbers suggest an increase in the informal sector”*<sup>96</sup>

## Social Gains of the Revolution in Danger

The consequences for the Cuban masses were severe. After the establishment of the workers state in the early 1960, a new unified and state-managed pension system was established, increasing labor force coverage from 63% to 91%. In 1989 the Cuban pension system had wide coverage and generous entitlement conditions, with low retirement ages (55 for women and 60 for men) and average retirement spans of 26 years for women and 20 years for men. Pensions were supplemented by a social protection network: subsidized prices for rationed goods, free health care services, free or low-rent housing and inexpensive public utilities. All this made Cuba's pension system the most progressive in Latin America – retirement spans were the longest on average, due to the second-highest life expectancy in the region.

Life expectancy at birth in Cuba today is the same as for US citizens at 77 years and Cuba's infant mortality rate was 6 per 1,000 live births, a figure less than that of the United States, which was 7.0 per 1,000 live births in 2007. Cuba's patient-to-doctor ratio is still among the lowest in the world and significantly better than those of the United States and Canada.<sup>97</sup>

However the 1990s crisis undermined the positive features of the pension system: the number of private sector workers increased from 4% to 15% of the labor force between 1989 and 2001. Hence, fewer salaried workers were mandatorily covered by pensions, while self-employed workers and private farmers who voluntarily join the state pension scheme must now pay 10% of their earnings, a disincentive for affiliation. Tax legislation from 1994 which made obligatory pension payment contributions by private sector workers was suspended due to socio-political reasons; later, a 5% contribution was gradually implemented for workers employed by state enterprises under the *Sistema de Perfeccionamiento Empresarial* (one-fifth of all enterprises).<sup>98</sup>

Another social achievement of the Cuban revolution was the substantial increase in the standard of living for the Cuban masses. As we can see from

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<sup>96</sup> Luis Locay: *The Future of Cuba's Labor Market: Prospects and Recommendations*, Cuba Transition Project (CTP), Institute for Cuban and Cuban-American Studies, University of Miami, 2004, pp. 5-7

<sup>97</sup> F.M. Critelli: *A Barrel of Oil for a Doctor: Resilient Cuba*, in: Alessandra Lorini and Duccio Basosi (Editors): *Cuba in the World, the World in Cuba. Essays on Cuban History, Politics and Culture*, Firenze University Press 2009, pp. 302-303

<sup>98</sup> Carmelo Mesa-Lago and Pavel Vidal-Alejandro: *The Impact of the Global Crisis on Cuba's Economy and Social Welfare*, in: *Journal of Latin American Studies*, Volume 42 (2010), Cambridge University Press, pp. 705-706

Table 4, availability of food and beverages, clothing, housing, education and health all demonstrate the progressive effects of the social revolution which occurred after 1960/61.

**Table 4**                      **Availability of Basic Goods and Services per Capita - Cuba 1958-1978 (1958 = 100)** <sup>99</sup>

<i>Year</i>	<i>Food &amp; Clothing Beverage</i>		<i>Housing Education</i>		<i>Health</i>
1958	100	100	100	100	100
1962	99	52	107	173	105
1968	102	52	107	173	105
1972	110	90	103	224	120
1974	120	95	103	275	151
1976	123	100	103	363	175
1978	125	100	104	446	202

As a result of the crisis and the Cuban government's measures, real social expenditures per capita decreased by 78% and unemployment rose to 8%. Average wages in the state sector dropped in real terms by 85% in the period 1990-93. Less than one-third of public transportation functioned, daycare construction halted, and nutrition dropped as people consumed 30% fewer calories. Today real wages represent only 27% of the 1989 level.<sup>100</sup>

These social cutbacks particularly impacted the lower strata of the working class - women, Afro-Cubans, the unemployed and those with only a primary education. While the government does not publish poverty data, an academic study estimated that the urban population "*at risk of having a basic need uncovered*" rose from 6.3% to 14.7% between 1988 and 1996 (in Havana it grew from 4.3% to 20.1%). Despite increasing poverty, the real average social assistance benefit decreased by 29% between 1989 and 1994.<sup>101</sup>

It is therefore clear that the Castroite bureaucracy had to conclude that the old system of Stalinist planning could not be perpetuated. In order to retain its power and privileges, the regime had to turn towards restoration of capitalism and Cuba's full integration into the world market.

<sup>99</sup> Claes Brundenius: *Growth With Equity: The Cuban Experience (1959-1980)*, in: *World Development* Vol. 9, No. 11/12(1981) pp. 1083-96, figures reproduced from Louis Proyect: *Cuban revolution*, [http://www.columbia.edu/~lmp3/mydocs/state\\_and\\_revolution/cuba.htm](http://www.columbia.edu/~lmp3/mydocs/state_and_revolution/cuba.htm)

<sup>100</sup> See Center for Democracy in the Americas: *Women's Work. Gender Equality in Cuba and the Role of Women building Cuba's Future*, 2013, p. 47; Pavel Vidal Alejandro: *Monetary and Exchange Rate Reform in Cuba: Lessons from Vietnam* (2012), p.1

<sup>101</sup> Reported in Carmelo Mesa-Lago and Pavel Vidal-Alejandro: *The Impact of the Global Crisis on Cuba's Economy and Social Welfare*, in: *Journal of Latin American Studies*, Volume 42 (2010), Cambridge University Press, p. 708

However, there was and is an important obstacle to this Cuban restoration of capitalism: The nearest and most powerful capitalist power – the United States – is as deeply hostile to the Castroite bureaucracy as is the Cuban exile bourgeoisie (the reactionary “*Gusanos*”). This means that any capitalist restoration undertaken by command of US imperialism spells the complete loss of power for the Castroite bureaucracy. This, therefore, was not an option.

There was, however, an alternative: restoring capitalism the Chinese way, under the auspices of Beijing. As China is an emerging imperialist power that already has close allies like Venezuela and other ALBA states, joining the Chinese bloc was a viable option for the Castroites.

Before we more closely examine Cuba's march towards capitalism and China's role in it, let us briefly view the different roads to capitalist restoration.

## Many Roads Lead to Capitalist Restoration

It is a widespread myth amongst a number of so-called Marxists that the only road to capitalist restoration is the one taken by the Eastern European states and Russia, i.e., via the rapid destruction and privatization of state-owned industries and the formal introduction of bourgeois parliamentary democracy. The propagation of this myth was certainly not hurt by its being that espoused by Western bourgeois market harbingers. However, recent history has shown that there are also other roads.

As we have already elaborated in *The Great Robbery of the South* and other documents, in China we find a different model of capitalist restoration: a state-capitalist road with the Stalinist party firmly holding power, disguised by the use of “socialist ideology”.<sup>102</sup> Such a road was also chosen by the Vietnamese bureaucracy.<sup>103</sup> In these countries the bureaucracy managed to transform itself into a ruling capitalist class as a whole (which now includes both private and state capitalists as well as the ruling state-capitalist bureaucracy). In contrast, in Eastern Europe and Russia, some sections of the former Stalinist bureaucracy

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<sup>102</sup> See the articles we published in the LRCI and which are mentioned above. We refer our readers also to several documents from the comrades of the “*Liaison Committee of Communists*” which arrived – as we did – to the conclusion that China has become an emerging imperialist power as they have documented in a pamphlet “*The Rise of Chinese Imperialism*” (The main document of this pamphlet can also be found in the internet on the CWG(A/NZ) website at [http://redrave.blogspot.co.at/2009/12/flti-minority-report-on-currentworld\\_25.html](http://redrave.blogspot.co.at/2009/12/flti-minority-report-on-currentworld_25.html)) The CWG(A/NZ) respectively the *Liaison Committee of Communists* also published recently two excellent articles on emerging Chinese imperialism, the capitalist restoration and the consequences for the class struggle: “*The Most Dangerous Class*”: *Chinese Workers and Farmers Confront Chinese Imperialism: For the Socialist Revolution!* Draft statement for discussion (which the RCIT published in its journal Revolutionary Communism No. 3 in June 2012), <http://redrave.blogspot.co.at/2012/01/chinese-workers-and-peasants-confront.html>; LCC: *The Restoration of Capitalism in China: A Marxist critique of the process of the CCP's counter-revolution*, April 24, 2013, <http://cwgusa.wordpress.com/2013/04/24/the-restoration-of-capitalism-in-china-a-marxist-critique-of-the-process-of-the-ccps-counter-revolution>

<sup>103</sup> It looks like that the bureaucracy in Laos also entered already the road of capitalist restoration, albeit we could not study the latter case until now.

lost power via the restructuring of the state apparatus after 1989-91.

Of course, the state-capitalist road does not preclude the systematic promotion of private capital by the regime. Quite the opposite, as we have shown: the private capitalist sector is growing massively in these countries too. However, the ruling class has retained a significant state-capitalist sector in industry and banking, while at the same time allowing a gradual accumulation of private capital, studiously avoiding the so-called “*shock therapy*” espoused by neoliberals.

Yet another form of capitalist restoration has been introduced in various Central Asian states as well as in Belarus. Here too, the bureaucracy abandoned any formal attachment to “socialist ideology” and has formally adopted bourgeois parliamentary democracy. However, it has also retained a significant state-capitalist sector and managed to more or less preserve the political regime by renaming the Stalinist party. The regimes of Nazarbayev in Kazakhstan, of the Aliyev family in Azerbaijan, of Islam Karimov in Uzbekistan or Lukashenko in Belarus –are all renamed Stalinist parties ruling since the early 1990s.

Table 5, below, shows how the different forms of capitalist restoration express themselves in the different rates of transition to privatization during the first decade (1991-2001). In some countries –those industrially more developed and with closer relations to Western imperialist capital – the restoration process took the form of rapid privatization of the economy. In other countries, the share of the private sector in national output measured in Gross Domestic Product, as well as in employment, increased at a slower pace.

As we have already described, the Chinese Stalinist bureaucracy took a state-controlled road to capitalism. This is illustrated in the tables 6-8.

**Table 5** Private Sector Share in GDP and Employment  
in Eastern Europe and the Former USSR 1991-2002 <sup>104</sup>

	<i>In GDP</i>			<i>In Employment</i>		
	1991	1995	2002	1991	1995	2001
<i>Albania</i>	24	60	75	-	74	82
<i>Armenia</i>	-	45	70	29	49	-
<i>Azerbaijan</i>	-	25	60	-	43	-
<i>Belarus</i>	7	15	25	2	7	-
<i>Bulgaria</i>	17	50	75	10	41	81
<i>Croatia</i>	25	40	60	22	48	-
<i>Georgia</i>	27	30	65	25	-	-
<i>Hungary</i>	33	60	80	-	71	-
<i>Kazakhstan</i>	12	25	65	5	-	75
<i>Kyrgyz Republic</i>	-	40	65	-	69	79
<i>Latvia</i>	-	55	70	12	60	73
<i>Lithuania</i>	15	65	75	16	-	-
<i>Moldova</i>	-	30	50	36	-	-
<i>Poland</i>	45	60	75	51	61	72
<i>Romania</i>	24	45	65	34	51	75
<i>Russia</i>	10	55	70	5	-	-
<i>Slovenia</i>	16	50	65	18	48	-
<b><i>Tajikistan</i></b>	-	25	50	-	53	63
<i>Turkmenistan</i>	-	15	25	-	-	-
<i>Ukraine</i>	8	45	65	-	-	-
<i>Uzbekistan</i>	-	30	45	-	-	-

<sup>104</sup> Figures taken from European Bank for Reconstruction and Development: Transition report 1999. Ten years of transition, pp. 182-286; European Bank for Reconstruction and Development: Transition report 2003. Integration and regional cooperation, pp. 108-216

**Table 6**                      **China: Employment by Ownership  
in Selected Years 1980-2000 (in thousands)** <sup>105</sup>

<i>Year</i>	<i>Total</i>	<i>SOE</i>	<i>TVEs</i>	<i>Private Enterprises</i>
1980	42,361.0	8,019.0	3,000.0	-
1985	49,873.0	8,990.0	4,152.1	2,826.9
1990	64,749.0	10,346.0	4,592.4	4,672.3
1995	68,065.0	11,261.0	6,060.3	6,801.7
2000	72,085.0	8,101.9	3,832.8	8,986.8

*Legend: SOE: State-Owned Enterprises; TVEs: Township-Village Enterprises*

**Table 7**                      **China: GDP by Ownership  
in Selected Years 1980-2000 (in Billion Yuan)** <sup>106</sup>

<i>Year</i>	<i>Total</i>	<i>SOE</i>	<i>TVEs</i>	<i>Private Enterprises</i>
1980	199.7	151.7	28.5	-
1985	344.9	223.7	56.3	21.0
1990	685.8	374.5	167.3	83.1
1995	2,495.1	830.7	935.9	523.6
2000	4,003.4	1,377.8	942.5	1,773.1

**Table 8**                      **China: State Share of  
Gross Industrial Output Value, 1991-1999** <sup>107</sup>

<i>Year</i>	<i>State-owned or state-controlling share holding in percent</i>
1991	56%
1995	34%
1999	26%

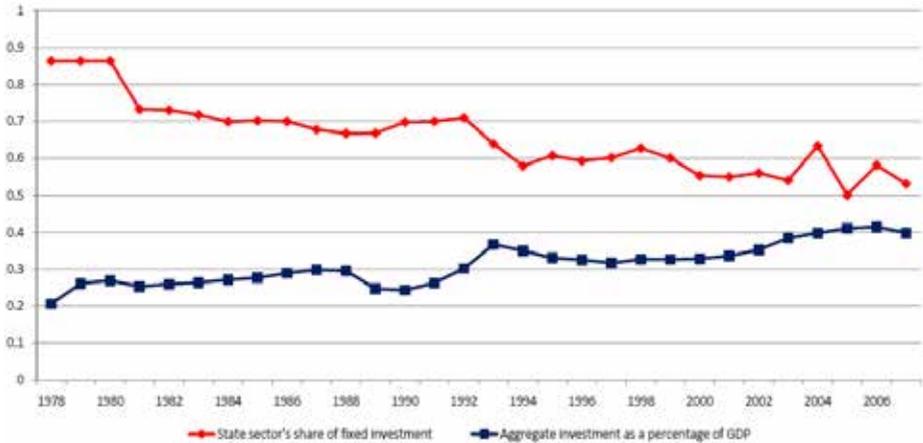
<sup>105</sup> Chenggang Xu, Xiaobo Zhang: The Evolution of Chinese Entrepreneurial Firms. Township-Village Enterprises Revisited, IFPRI Discussion Paper 00854 April 2009, p. 4. The reader should bear in mind that the figures for employment do not include the peasants which is why the added sum of the SOE, TVEs and Private Enterprises are not identical with the total figure. For the development of employment in China see also: Loren Brandt, Chang-tai Hsieh, and Xiaodong Zhu: Growth and Structural Transformation in China, in: Loren Brandt, Thomas G. Rawski (Editors): China's Great Economic Transformation, Cambridge University Press 2008, pp. 689-690 and Hyekyung Cho: Chinas langer Marsch in den Kapitalismus, Münster 2005, p. 38.

<sup>106</sup> Chenggang Xu, Xiaobo Zhang: The Evolution of Chinese Entrepreneurial Firms. Township-Village Enterprises Revisited, IFPRI Discussion Paper 00854 April 2009, pp. 4-5

<sup>107</sup> Hongyi Lai: Reform and the Non-State Economy in China. The Political Economy of Liberalization Strategies, New York 2006, p. 23

Similarly, we can observe the gradual, state-capitalist road of the Chinese bureaucracy in Figure 3 which shows the slow decline of the state sector in capital accumulation.

**Figure 3** Capital Formation in China: 1978-2007<sup>108</sup>



## Crossing the Rubicon in Cuba: The 2010/11 Reforms

As described in the previous section, in the early 1990s the Castroite-Stalinist bureaucracy adopted the promotion of the market to solve Cuba's deep economic crisis. However, fear of losing power – a fear fanned by the spontaneous rebellions of sectors of the masses in Havana and other cities in 1994 – led to a temporary halt of economic liberalization.

But the continued economic decline, the successful model of Chinese capitalism, as well as the opportunity to become Beijing's satellite, finally convinced the Castroite regime to decisively turn towards the restoration of capitalism.

This transformation is even recognized by anti-communist Western experts like Adrian H. Hearn who observe political and economic developments in Cuba: *"As in China, the goal appears to be a mixed economy in which citizens follow their entrepreneurial dreams while generating tax revenue under the 'supreme guidance of the state.'*<sup>109</sup> *"These developments suggest that the Cuban government is*

<sup>108</sup> Loren Brandt, Xiaodong Zhu: Accounting for China's growth (2010), IZA Discussion Papers, No. 4764, p. 35

<sup>109</sup> Adrian H. Hearn: China and the Cuban Economy, February 28, 2012, <http://www.americasquarterly.org/china-and-the-cuban-economy>

distancing itself from Fidel Castro's 50-year-long rejection of capitalism, and moreover, that China is committed to guiding the Western hemisphere's only communist nation toward reconciliation with international conventions."<sup>110</sup>

The strongly anti-communist US think-tank *Freedom House* also praises Castro's reforms: "The opening of a private sector, while still limited, is driving genuine change in Cuba. This is the most significant positive change to have taken place in Cuba since communism was introduced half a century ago. Cubans are moving from the state to the private sector, becoming entrepreneurs in growing numbers, taking the initiative to earn their own living, and in many cases succeeding to do better than Cubans in government jobs."<sup>111</sup>

What is the essence of this turn towards capitalist restoration?

- \* implementing the law of value in state-owned enterprises by mass lay-offs and restructuring

- \* promoting a private capitalist sector

- \* helping to strengthen the formation of a domestic capitalist class of private property owners

- \* cutting back the social benefits to create an industrial reserve army of labor and hence a more exploitable working class

- \* opening the economy for imperialist capital and becoming imperialist China's bandwagon

- \* keeping the authoritarian rule of the Stalinist PCC

As we will see below, the decisive steps towards capitalist restoration began in the autumn of 2010, when the Castroite regime announced their plans for economic reforms. At the 6th Congress of the PCC in April 2011, these "reforms" were formally endorsed and the decision was taken to sign up for a 5-year-plan with China. Therefore, we maintain that Cuba's regime and state machinery became fully capitalistic with the 6th Congress.

Let us now look concretely to these qualitative changes in Cuba's economy and society.

## Implementing the Law of Value in State-Owned Enterprises: Restructuring and Mass Lay-Offs

One of the most important decisions of the PCC leadership was its announcement in *Granma*, the party's daily newspaper, in September 2010 to eliminate half a million of jobs in the state sector. This is the equivalent of about 1/8 of the total state-sector labor force which constituted at that time about 85% of all employed. The statement – which was cynically issued as an announcement of the official trade union federation *Central de Trabajadores de*

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<sup>110</sup> Adrian H. Hearn: China, Global Governance and the Future of Cuba, in: *Journal of Current Chinese Affairs*, Vol 41, No. 1 (2012),, p. 163

<sup>111</sup> Alejandro Moreno, Daniel Calingaert: Change Comes to Cuba Citizens' Views on Reform after the Sixth Party Congress, *Freedom House* 2011, p. 25

*Cuba* – said: “Our state cannot and should not continue maintaining companies, productive entities, services and budgeted sectors with bloated payrolls (and) losses that hurt the economy, are counterproductive and form bad work habits.” While this half a million state workers should be sacked in a year’s time (!), the statement added, that this was not enough and that another 500,000 “nonproductive” workers should be laid-off in the next few years.<sup>112</sup>

This was a very clear admission on the part of the Castroite leadership of their desire to run the public sector consistent with criteria of profitability. To achieve this goal, it intends to sack ¼ of the total state sector labor force. Or in other words, 1/5 of all working Cubans are threatened with unemployment in the near future.

The Castroite government proved with deeds that these announcements were not merely words, deeds which reflected the regime’s determination to restore capitalism. In 2011, more than 370,000 former state workers lost their jobs and turned to non-state forms of employment. In 2012, another 170,000 state-workers are said to have lost their jobs. And according to latest reports, it is expected that by the end of 2013, this figure will reach 600,000 state workers who have lost their jobs since the beginning of the capitalist restoration in 2010/11.<sup>113</sup> Another report from Economy Minister Adel Yzquierdo Rodriguez from December 2012 – which differs slightly from the figures cited before – stated that the government cut 228,000 public jobs in 2012, on top of the previously announced 137,000 in 2011, homing in on its goal to lay off 20%, or nearly a million jobs, by 2016.<sup>114</sup>

Some leading representatives of the Castroite-capitalist regime even proclaim higher targets. The finance minister projects that 1.8 million workers will join the “non-state” sector by 2015.<sup>115</sup> Whatever the concrete numbers will be, they all demonstrate beyond any doubt that the Castroite-capitalist regime continues to march on its restorationist road. The new line – the “Cuban Road towards capitalism” – was endorsed at the Sixth Congress of the Cuban Communist Party,

<sup>112</sup> See on this Philip Peters: *Cuba’s Entrepreneurs: Foundation of a New Private Sector*, Lexington Institute, 2012, p. 8; Marc Frank: *Cuba cuts state payroll, private sector jobs grow 23 pct in 2012*, Reuters, Dec 27, 2012 <http://www.reuters.com/article/2012/12/27/cuba-economy-reform-idUSL1E8NQ23A20121227>; Samantha Nolan: *Castro says Cuba’s mass layoffs delayed*, March 01 2011 <http://www.ibtimes.com/castro-says-cubas-mass-layoffs-delayed-272151>; José De Córdoba and Nicholas Casey: *Cuba to Cut State Jobs in Tilt Toward Free Market*, September 14, 2010, <http://online.wsj.com/article/SB10001424052748704190704575489932181245938.html>

<sup>113</sup> *Trading Economics: Massive Cuba Layoffs to Continue*, April 27, 2012 <http://www.havanatimes.org/?p=68619>

<sup>114</sup> Marc Frank: *Cuba cuts state payroll, private sector jobs grow 23 pct in 2012*, Reuters, Dec 27, 2012 <http://www.reuters.com/article/2012/12/27/cuba-economy-reform-idUSL1E8NQ23A20121227>; see also Omar Everlenny Pérez: *Will Cuba’s Economic Reforms Succeed?*, *Americas Quarterly*, May 13, 2013, <http://portside.org/2013-05-13/will-cubas-economic-reforms-succeed>; see also Victoria Burnett: *Amid Fealty to Socialism, a Nod to Capitalism*, *New York Times*, May 1, 2013 [http://www.nytimes.com/2013/05/02/world/americas/on-may-day-in-havana-a-nod-to-capitalism.html?\\_r=0#h](http://www.nytimes.com/2013/05/02/world/americas/on-may-day-in-havana-a-nod-to-capitalism.html?_r=0#h)

<sup>115</sup> Philip Peters: *Cuba’s Entrepreneurs: Foundation of a New Private Sector*, Lexington Institute, 2012, p. 9

albeit these decisions were obviously masked with diplomatic language.<sup>116</sup>

It is only logical that unemployment rose dramatically since the beginning of the capitalist restoration. While the official unemployment rate was 1.6% in 2009, this figure rose to 3.8% by the end of 2012.<sup>117</sup>

To this one has to add that there is a huge number of Cubans working in the informal, “grey”, sector. Economy Minister Rodriguez admitted that the official unemployment figures do not include a million Cubans who he said “do not actively seek employment.”<sup>118</sup>

Furthermore, like the Chinese Stalinist-capitalist regime after 1992, the Cuban government wants to transform the state-owned enterprises into units which compete in the market based on the law of value. The regime grants the management greater autonomy in labor, investment, and pricing policies. At the same time, state subsidies to firms will be cut, and those firms facing repeated losses will be liquidated. (In 2010, state transfers to firms and cooperatives cost 11.2% of GDP.)<sup>119</sup> According to pro-restorationist economists from Havana University, the wage schema in the state sector must also be totally overhauled, since currently “the egalitarian wage structure (...) does not contain performance incentives (the highest wages are just 4 or 5 times higher than the lowest ones).”<sup>120</sup>

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<sup>116</sup> In the following we reproduce some excerpts of the decisions of the Cuban “Communist” Party at its VI. Congress in April 2011:

“158. Expand employment in the non-state sector as an alternative form of employment, on the basis of the new forms of the organisation of production and services that are to be established.

159. Devise a nationwide process of workforce reorganisation that, based on the principle of demonstrated job suitability, contributes to the elimination of inflated payrolls and paternalistic practices in order to stimulate the necessity to work and reduce expenditure by economic entities and state budget outlays.”

“167. Adopt a new management model in line with the greater reliance on non-state productive forms, which must be based on a more effective utilisation of monetary-trade relations, delimiting state and enterprise functions with the aim of promoting greater autonomy for producers, increasing efficiency and making possible a gradual decentralisation towards local government.”

“221. Modify the management model for local industry, making its operation more flexible to allow for the development of artisanal production and the manufacture of consumer goods in small or medium-sized production runs, as well as the provision of repair and maintenance services. This includes the opening up of greater spaces for non-state [i.e., self-employment, small business and cooperative] activities.”

“276. The construction of housing must be organised on the basis of the adoption of various forms that include a significant proportion of individual effort, as well as other non-state initiatives”

“287. Introduce non-state forms of management in commerce, above all in food services and in domestic services and tradespeople.”

(See VI Congress of the Cuban Communist Party. Information on the results of the Debate on the Economic and Social Policy Guidelines for the Party and the Revolution, May 2011, Translated by Marce Cameron (Editor, Cuba’s Socialist Renewal blog [www.cubasocialistrenewal.blogspot.com](http://www.cubasocialistrenewal.blogspot.com)), p. 62)

<sup>117</sup> Cuba Unemployment Rate, <http://www.tradingeconomics.com/cuba/unemployment-rate>; Marc Frank: Cuba cuts state payroll, private sector jobs grow 23 pct in 2012, Reuters, Dec 27, 2012 <http://www.reuters.com/article/2012/12/27/cuba-economy-reform-idUSL1E8NQ23A20121227>

<sup>118</sup> Marc Frank: Cuba cuts state payroll, private sector jobs grow 23 pct in 2012, Reuters, Dec 27, 2012 <http://www.reuters.com/article/2012/12/27/cuba-economy-reform-idUSL1E8NQ23A20121227>

<sup>119</sup> Richard E. Feinberg: Reaching Out: Cuba’s New Economy and the International Response. Latin America Initiative at Brookings, 2011, p. 17

<sup>120</sup> David J. Pajón Espina, , Oscar F. Estrada, Anamary Maquei: Labour and Economic Reform in

## Promoting Capitalism in the Agrarian Sector

This capitalist restructuring of the state-owned enterprises goes hand in hand with the strengthening of market forces in agriculture. In the 1970s and 1980s most of the land was in state hands (80.8% by 1981)<sup>121</sup> This has changed significantly. In 2010, private farmers worked 41% of Cuba's farmland and accounted for 71% of the value of farm production.<sup>122</sup>

A significant percent of Cuban lands are idle (40%). One of the first pro-capitalist reforms of Raúl Castro was a decree issued in July 2008 which initiated a process whereby individuals and cooperatives could apply for 10- and 25-year leases to work idle land owned by the state.<sup>123</sup> Through April 2011, 1.2 million hectares (of a total of 1.9 million hectares) was allocated to 132,000 private farmers and cooperatives to use for productive activities.<sup>124</sup>

By these measures, the Castro regime hopes to accelerate the formation of a capitalist agriculture market in order to reduce its extreme dependency on food imports (60-80% of its food consumption). This dependency is a result of the agriculture policy adopted by the regime in the 1970s and 1980s, to devote more than the half (53%) of arable land to export crops.<sup>125</sup> This makes Cuba a prime victim of drastic changes of food prices at the world market.<sup>126</sup>

## Promoting a Private Capitalist Sector

Another aspect of the Cuban regime's turn towards capitalism is its determination not only to transform state-owned enterprise into state-capitalist units but also to massively expand the private capitalist sector. As already mentioned, there are plans to move 1.8 million workers to the private sector by 2015.<sup>127</sup> Vice President Esteban Lazo predicted in April 2012 that the private sector's share of GDP would grow from 5% to 45-50% within five years.<sup>128</sup> And

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Cuba, National Economy Planning Department of the Economics Faculty, University of Havana, Global Labour Column, Number 97, May 2012, <http://column.global-labour-university.org/2012/01/labour-and-economic-reform-in-cuba.html>

<sup>121</sup> Karl-Eugen Wädekin (Editor): *Communist Agriculture Farming in the Far East and Cuba*, Routledge 1990, p. 97

<sup>122</sup> Philip Peters: *A Viewer's Guide to Cuba's Economic Reform*, Lexington Institute, 2012, p. 13

<sup>123</sup> Collin Laverty: *Cuba's New Resolve Economic Reform and its Implications for U.S. Policy*, Center for Democracy in the Americas 2011, p. 19

<sup>124</sup> Richard E. Feinberg: *Reaching Out: Cuba's New Economy and the International Response*. Latin America Initiative at Brookings, 2011, p. 19. See also Harlan Abrahams and Arturo Lopez-Levy: *Raúl Castro and the New Cuba. A Close-Up View of Change*, McFarland & Company, Inc., Publishers 2011

<sup>125</sup> Julia Wright: *Sustainable Agriculture and Food Security in an Era of Oil Scarcity*. Lessons from Cuba, Earthscan 2009, p. 64

<sup>126</sup> Pavel Vidal Alejandro: *Monetary and Exchange Rate Reform in Cuba: Lessons from Vietnam* (2012), pp.5-6; George Lambie: *The Cuban Revolution in the 21st Century*, Pluto Press 2010, p. 210

<sup>127</sup> Philip Peters: *A Viewer's Guide to Cuba's Economic Reform*, Lexington Institute, 2012, p. 4

<sup>128</sup> Philip Peters: *Cuba's Entrepreneurs: Foundation of a New Private Sector*, Lexington Institute,

Political Bureau member Esteban Lazo Hernandez recently predicted that by 2017, the growth of the private sector will see the state's share of GDP fall from 95% to around 40%.<sup>129</sup>

However, massive changes have already been introduced in the recent past. The combined share of workers employed in the private or cooperative sector rose from 16.9% to 22.7% in 2008-2011 (see Table 9).

**Table 9**                      **Workers Employed in the Entire Economy, and the non-State Sectors, 2008-2011 (thousands of workers)** <sup>130</sup>

	2008	2010	2011
<i>Total</i>	4,948.2 (100%)	4,984.5 (100%)	5,010.2 (100%)
<i>Cooperative Sector</i>	233.8 (4.7%)	217.0 (4.4%)	208.7 (4.2%)
<i>Private Sector</i>	602.1 (12.2%)	589.4 (11.8%)	928.5 (18.5%)

The government has recognized 178 categories of work or trade for non-state employment. To enhance the creation of private capitalist markets, Cubans can now sell homes and vehicles— even to foreigners or temporary residents. Businesses will be granted greater autonomy, and multiple licenses will be available for conducting business not only in one's hometown but anywhere in the country. Private restaurants can expand from 12 to 20 seats.<sup>131</sup> The government has also turned over about 2,000 small state-owned businesses to their employees.<sup>132</sup>

During the last two years, the official number of people working in the private-sector has doubled to 1.1 million. The majority of the non-state workers, or about 610,000, were farmers, whose numbers have grown under Castro's agricultural reforms. The rest of the non-state workers are mostly in small retail businesses or are self-employed, such as carpenters, seamstresses, photographers and taxi drivers. Starting in 2013, the state plans to turn more than 200 medium-sized businesses, from shrimp breeding to construction and light manufacturing, into private cooperatives. The experiment will be expanded if successful. Since October 2012, the number of licenses granted to micro-enterprises has surpassed 113,000, a nearly 50% increase from before the start of the reforms.<sup>133</sup>

2012, p. 9

<sup>129</sup> Jennifer Aron and Adrian H. Hearn: Without the Castros, What is the Fate of the Cuban Revolution? COHA Analysis, February 26, 2013, <http://www.coha.org/council-on-hemispheric-affairs-analysis-without-the-castro-what-is-the-future-of-the-cuban-government/#sthash.gyLiAqK.dpuf>

<sup>130</sup> Oficina Nacional de Estadística e Información (ONEI): Anuario Estadístico de Cuba 2011, p.165

<sup>131</sup> Omar Everleny Pérez: Will Cuba's Economic Reforms Succeed?, *Americas Quarterly*, May 13, 2013, <http://portside.org/2013-05-13/will-cubas-economic-reforms-succeed>

<sup>132</sup> Victoria Burnett: Amid Fealty to Socialism, a Nod to Capitalism, *New York Times*, May 1, 2013 [http://www.nytimes.com/2013/05/02/world/americas/on-may-day-in-havana-a-nod-to-capitalism.html?\\_r=0#h](http://www.nytimes.com/2013/05/02/world/americas/on-may-day-in-havana-a-nod-to-capitalism.html?_r=0#h)

<sup>133</sup> Omar Everleny Pérez: Will Cuba's Economic Reforms Succeed?, *Americas Quarterly*, May 13,

A Western advocate of capitalism hails the reforms of the Castro regime as the necessary steps towards the creation of a private market-economy: *"Most important, the purpose has changed. In the past, when no thought was being given to changing the socialist model, entrepreneurship seemed to be viewed as a necessary evil, of marginal importance to the economy. It is now viewed as a strategic necessity for a government that is determined to cut costs and boost economic output by reducing government payrolls and expanding the private sector."*<sup>134</sup>

## Helping to Strengthen the Formation of a Domestic Capitalist Class of Private Property Owners

The Castroite goal behind the promotion of the private sector is the formation of a domestic capitalist class. Surely, at the beginning, this will be mostly composed of relatively small capitalists. But it is nevertheless essential for the goal of capitalist restoration to create a class of private property owners which has a material interest in advancing this process. Table 10 as well as the figures 4 and 5 illustrate that significant progress has been made in this direction – in a first wave during the early 1990s and in a second wave since 2010/11.

**Table 10** More Entrepreneurs in the Workforce <sup>135</sup>

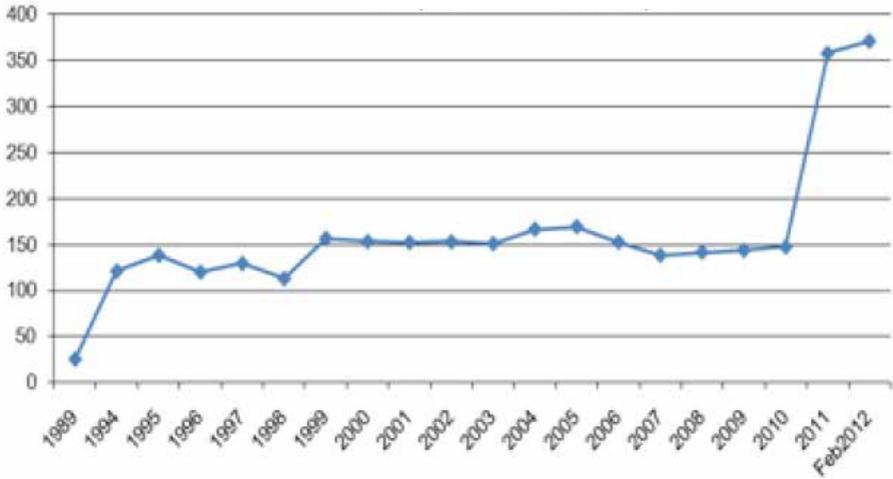
	<i>Entrepreneurs</i>	<i>Workforce</i>	<i>Percentage</i>
1993	10-15,000		
1995	170,000		
1996	209,606		
1999	156,600		
2001	152,300	4.70 million	3.2%
2003	151,000		
2005	169,400	4.82 million	3.5%
2006	152,600	4.85 million	3.1%
2007	138,400	4.96 million	2.8%
2008	141,600	5.03 million	2.8%
2009	143,800	5.16 million	2.8%
October 2010	157,371	5.11 million	3.1%
2011	357,000	5.11 million (est.)	7.0%
April 2012	371,200	5.11 million (est.)	7.3%
June 2012	385,775	5.11 million (est.)	7.5%

2013, <http://portside.org/2013-05-13/will-cubas-economic-reforms-succeed>

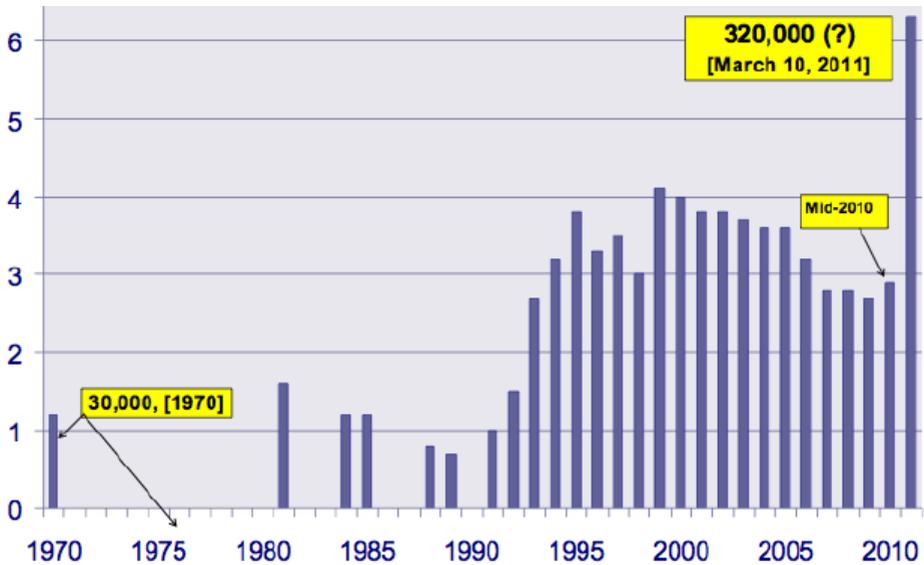
<sup>134</sup> Philip Peters: Cuba's Entrepreneurs: Foundation of a New Private Sector, Lexington Institute, 2012, p. 4

<sup>135</sup> Philip Peters: Cuba's Entrepreneurs: Foundation of a New Private Sector, Lexington Institute, 2012, p. 13

**Figure 4** Cuba: Self-Employment Licenses Granted 1989-2012 (in thousands) <sup>136</sup>



**Figure 5** Cuba: Self-Employment as Percent of Total Employment 1970-2011 <sup>137</sup>



<sup>136</sup> Joaquín P. Pujol: Where is Cuba Going? Economic Policies that Have Been Adopted and Results Thus Far, 2012, p. 7

<sup>137</sup> Joaquín P. Pujol: Where is Cuba Going? Economic Policies that Have Been Adopted and Results Thus Far, 2012, p. 7

## Cutting Back the Social Benefits to Create an Industrial Reserve Army of Labor

Restoring capitalism necessitates the creation of a labor force which can be used and exploited as a commodity by Cuban and foreign capitalists. Beside the massive layoffs from state enterprises, the government has also undertaken substantial cuts of the social benefits in order to create an industrial reserve army of labor.

Cuba's new leader Raúl Castro stated publicly – repeating a well known neoliberal slogan – that social cuts are necessary to force people not to rely on the social services: *“We need to erase forever the notion that Cuba is the only country in the world where one can live without working.”*<sup>138</sup>

In February 2010, the Castro regime ended the practice of paying 60% of the salary of workers laid off from their jobs.<sup>139</sup> In addition, the *Social Security Reform Law*, which became effective in December 2008, increased retirement ages by five years for both sexes, raising it to 60 for women and 65 for men, to be phased in gradually over seven years. Pension calculations will be based on the monthly average of the best five annual salaries in the last ten years; and the number of required work years has increased from 25 to 30. The pension will be increased for each year that retirement is postponed.<sup>140</sup>

In addition, the number of products sold at subsidized prices has been reduced, or the amounts made available have been significantly cut back, resulting in a decline in the availability of certain important consumer products to the population. One consequence of this measure was a 19.8% increase in the average price of agricultural and meat products in markets outside of the rationing system. Expenditures in education and healthcare also have been reduced.<sup>141</sup>

## Women Particularly Affected by Capitalist Restoration

Women are a major victim of capitalist restoration. Despite the Stalinist degeneration of the revolution, women's rights are without doubt one of the areas where one can see the social advances of the workers state. There has been a significant increase in the participation of women in formal employment. While in 1960 women made up only 13% of the work force (and around 70%

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<sup>138</sup> Quoted in Philip Peters: *Cuba's Entrepreneurs: Foundation of a New Private Sector*, Lexington Institute, 2012, p. 7

<sup>139</sup> Philip Peters: *Cuba's Entrepreneurs: Foundation of a New Private Sector*, Lexington Institute, 2012, p. 9

<sup>140</sup> Carmelo Mesa-Lago and Pavel Vidal-Alejandro: *The Impact of the Global Crisis on Cuba's Economy and Social Welfare*, in: *Journal of Latin American Studies*, Volume 42 (2010), Cambridge University Press, pp. 707-708

<sup>141</sup> Joaquín P. Pujol: *Where is Cuba Going? Economic Policies that Have Been Adopted and Results Thus Far*, 2012, p. 4

of these women worked as domestic servants), this figure rose to 38.3% in 1987 and 39.6% in 2010.<sup>142</sup>

Progress can also be measured by the increasing proportion of women in various highly qualified professions. For example, in 2000, 51% of Cuban scientists were women, as were 52% of medical doctors and 50% of attorneys. In 1995, 57.7% of university graduates, 62% of middle- and high-school level technicians, and 42% of scientific researchers were women. An important factor for this progress was the establishment of quality, government-subsidized day care centers. According to a 1989 statistic, at the time 136,000 children received day care in these facilities.<sup>143</sup> Cuba also has the world's fifth highest share of female deputies in parliament (36%), and about 20% of officers in the Cuban armed forces are women.<sup>144</sup>

Nevertheless, massive inequality has remained. Even fifty years after the victory of the Revolution in 1959, the participation of Cuban women in the labor force is substantially lower than men's (65.7%). On average, Cuban women earn less than half of what men make.<sup>145</sup>

Women are disproportionately more employed in the public sector. They comprise 42.7% of public employees but only about 24% of those working in private enterprise.<sup>146</sup>

The mass lay-offs promoted by the Castroite restorationist regime will therefore hit female workers particularly hard. In addition, given the significantly lower participation of women in the labor force, they are more dependent on social services than men and therefore they will be hit particularly hard by social cuts.

One of the most glaring expressions of capitalism's advance in Cuba is

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<sup>142</sup> See on this Helen Icken Safa (with the Federation of Cuban Women): *Women, Industrialization and State Policy in Cuba*, Working Paper #133, December 1989, p. 3; ECLAC: *Anuario Estadístico de América Latina y el Caribe / Statistical Yearbook for Latin America and the Caribbean*, Santiago, Chile 2012, p. 39; Charles Trumbull: *Prostitution and Sex Tourism in Cuba*; in: *Cuba in Transition* Volume 11 (2001), Association for the Study of the Cuban Economy, p. 357, Susan Eva Eckstein: *Back from the future: Cuba under Castro*, Routledge 2003, p. 246

<sup>143</sup> Amalia L. Cabezas: *Economies Of Desire. Sex and Tourism in Cuba and the Dominican Republic*, Temple University Press 2009, p. 169; Julie D. Shayne: *The Revolution Question: Feminisms in El Salvador, Chile, and Cuba*, Rutgers University Press 2004, p. 136

<sup>144</sup> As a side note we remark that there has also been important progress for Black and Mulattos who constitute 10% respectively 23,8% of the Cuban population. While there is certainly still no equality between them and the white population, it is clearly the case that there is much less racial discrimination – measured by access to education, skilled jobs etc – than it is the case in other countries in Latin America, the Caribbean or the United States. (See Alejandro de la Fuente: *A Nation for All. Race, Inequality, and Politics in Twentieth-Century Cuba*, University of North Carolina Press 2001, pp. 307-316)

<sup>145</sup> Center for Democracy in the Americas: *Women's Work. Gender Equality in Cuba and the Role of Women building Cuba's Future*, 2013, p. 45

<sup>146</sup> See Dalia Acosta: *Cuba: Economic Reforms Hitting Women Hard*, June 16 2011, IPS, <http://www.ipsnews.net/2011/06/cuba-economic-reforms-hitting-women-hard>; Center for Democracy in the Americas: *Women's Work. Gender Equality in Cuba and the Role of Women building Cuba's Future*, 2013, p. 57

the massive increase of one of the oldest evils of class society – prostitution. Before the revolution, Cuba was a de facto colony for US imperialism not only economically but also socially. It had a huge tourism, gambling and prostitution industry – largely controlled by the US Mafia – which was frequented by hundreds of thousands of American tourists. According to estimates of the Cuban government, there were 270 brothels and up to 100,000 prostitutes in the country before the Revolution. (Compare this with the approximate total number of 194,000 Cuban women who were employed in 1953!)<sup>147</sup>

Now, prostitution has returned on a massive scale. It is a by-product of the Castroite regime's decision not to focus on the development of a diversified industry but rather increase the country's revenues by a massive expansion of the tourism industry in the 1990s. It has surpassed sugar production as the leading source of revenue. Part of the tourism industry is sex tourism, in which wealthy Western men come to Cuba to have easy and cheap sex with young Cuban women (as well as with homosexual men). Given the increasing poverty in Cuba, prostitution provides a way for Cuban woman (and men) to earn their living. While official figures for the number of prostitutes do not exist, according to many reports, this is a wide-spread phenomena and one can expect that this will increase even more so with the advance of capitalism.

### **Opening the Economy for Imperialist Capital**

Given that Cuba is not only a small but also an industrially backward country, it follows that the Castroite regime has to court foreign imperialist capital to invest in the country. Hence a key feature of capitalist restoration is the opening of the country's economy for foreign capital and, in particular, its strategic alliance with China. As the comrades from the *Liaison Committee of Communists* correctly stated in their document which we have referred to above and which we will prove below, Cuba effectively has become a semi-colony of Chinese imperialism.

As we have already noted, Cuba is increasingly indebted to various countries. It is mainly indebted to Venezuela, China, Spain and Japan as can be seen in Table 11.

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<sup>147</sup> See Charles Trumbull: Prostitution and Sex Tourism in Cuba; in: Cuba in Transition Volume 11 (2001), Association for the Study of the Cuban Economy, p. 357; Amalia L. Cabezas: Economies of Desire. Sex and Tourism in Cuba and the Dominican Republic, Temple University Press 2009, p. 44; Alfonso Farnós, Fernando Gonzalez and Raul Hernández: The Role of Women and Demographic Change in Cuba, International Labour Organisation 1983, Population and Labour Policies Programme, Working Paper No. 138, p. 17

**Table 11** Cuba's Creditors, 2008 (2010) <sup>148</sup>

<i>Creditors (Country)</i>	<i>Debt (in US\$)</i>
Venezuela	\$11.367 billion
China	\$3.170 billion (2010: \$4 billion)
Spain	\$3.200 billion
Japan	\$2.775 billion

Cuba started to invite the investment of foreign capital during the 1990s. As is shown in Tables 12 to 14, foreign capital in Cuba was virtually absent before the 1990s. However since then it has grown significantly. Foreign Direct Investment (FDI) annual flows have quadrupled between 2006 and 2011 from 26 to 110 million US-Dollars, and doubling its share in domestic capital formation. Note that these figures are estimates and not official statistics because, according to the United Nations, the Cuban government does not publish official statistics on FDI inflows.

**Table 12** Foreign Investment Inflows to Cuba, 1993-2001 (in Millions US-Dollars) <sup>149</sup>

<i>Year</i>	<i>Annual Flow</i>	<i>Cumulative</i>
1993	54.0	54.0
1994*	563.4	617.4
1995	4.7	622.1
1996	82.1	704.2
1997	442.0	1,146.2
1998	206.6	1,352.8
1999	178.2	1,531.0
2000	448.1	1,979.1
2001	38.9	2,018.0

\* The reported flows jump in 1994 when the government decided to fold in flows from years prior to 1993.

**Table 13** FDI flows in Cuba, 2006-2011 (Millions of US-Dollars) <sup>150</sup>

2006	2007	2008	2009	2010	2011
26	64	24	24	86	110

<sup>148</sup> Republic of Cuba - European Union: Country Strategy Paper and National Indicative Programme for the period 2011-2013, 2010, p. 88; Richard E. Feinberg: Reaching Out: Cuba's New Economy and the International Response. Latin America Initiative at Brookings, 2011, p. 32

<sup>149</sup> Richard E. Feinberg: The New Cuban Economy. What Roles for Foreign Investment?, Latin America Initiative at Brookings, 2012, p. 20

<sup>150</sup> UNCTAD: World Investment Report 2012: Towards a New Generation of Investment Policies, p. 171.

Table 14

**FDI Flows as a Percentage of  
Gross Fixed Capital Formation 2006-2010** <sup>151</sup>

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2006-07	2009	2010
0.7%	0.4%	1.4%

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Richard Feinberg, a professor of international political economy who worked as advisor for various US presidents and governmental departments, wrote in a recent study on Foreign Direct Investment in Cuba that the figures are much higher, reaching a FDI stock of about \$3.5 billion in 2009:

*"Perhaps the best informed estimate of the stock of Cuba FDI comes from an international financial consultant (who wished to remain anonymous) with privileged access to foreign investment data. The source noted that according to the Cuban central bank, FDI inflows as of 2001 totaled \$1.9 billion (...) and estimated that by 2009 the total stock may have reached \$3.5 billion."* <sup>152</sup>

ECLAC/CEPAL (the United Nations Economic Commission for Latin America and the Caribbean) reported in 2010 that Spanish capital is a major investor in sectors such as tobacco, tourism, hydrocarbons, transport and financial services. Italian capital invests in telecommunications and French in rum production and export, while Canada's investments are in the nickel industry and oil exploration. State companies from Venezuela, who is also Cuba's main trading partner, made substantial investments in the oil and telecommunications sectors. These two countries are collaborating on a project to lay a fiber-optic cable that will connect the island to the continent. The French-Chinese company Alcatel Shanghai Bell has been hired to lay the cable. The project involves an investment in excess of US\$ 60 million. Brazil's investments in Cuba have also increased. Brazilian company Oderbrecht is in charge of the US\$ 800 million construction project to expand and modernize the Cuban port of Mariel. Oderbrecht will also be the first foreign company to own one of the Cuban sugar mills that were nationalized in 1959.

In addition, Chinese capital is significantly increasing its foreign investment in Cuba, albeit not all projects are known due to the secretive policy of the Castroite government on its foreign investment. China is Cuba's second largest trading partner. In 2010 China sold Cuba just over \$1 billion of a wide variety of vehicles, machinery, consumer goods, and industrial inputs and imported just under \$800 million in goods, primarily nickel and sugar. The two countries also announced in 2010 13 joint projects, 7 of which are located in Cuba in the mechanical industry, communications, agriculture, tourism, biotechnology and health sectors. The China Haier Corporation and the Electronics Group

<sup>151</sup> UNCTAD: World Investment Report 2012: Towards a New Generation of Investment Policies, Country fact sheet: Cuba

<sup>152</sup> Richard E. Feinberg: The New Cuban Economy: What Roles for Foreign Investment?. Latin America Initiative at Brookings, 2012, p. 21

of the Ministry of Informatics and Communications of Cuba established a joint venture to manufacture electrical appliances and computer equipment. Also in 2010, the two countries agreed to build a luxury hotel in Havana, with an investment of nearly US\$ 117 million. Lastly, China and Cuba announced several joint investments in the oil and oil products sector, including the expansion of the Cienfuegos refinery and the construction of a regasification plant and combined-cycle thermoelectric plant, an investment of US\$ 6 billion that was due to start in the first half of 2011 and end in 2013. The Export-Import Bank of China (China Eximbank) is to finance 85% of the investment, which will be secured by China Export & Credit Insurance Corporation and guaranteed in full by the Government of the Bolivarian Republic of Venezuela in the form of oil from Petróleos de Venezuela (PDVSA).

In 2009, the Government of Cuba has announced changes in the tourist property sector, such as the extension from 50 to 99 years of the right of foreign companies to use state land and the issuing of permits for the construction of additional golf courses. If the land is to be used to build holiday homes or apartments, a perpetual lease may be granted.<sup>153</sup>

Corporations are interested to exploit the – as it is expected – significant oil reserves in Cuban waters. The US Geological Survey estimates that there are five billion barrels of oil lying in front of Cuba's coast, while Cuban surveys claim as much as 20 billion barrels. Brazilian oil giant Petrobras, PDVSA – the Venezuelan state-owned oil explorer – and Spanish company Repsol, have key interests in the region, with the latter contracted to operate a massive platform in the gulf.<sup>154</sup>

Foreign Investment in Cuba takes place to a significant degree via state-capitalist investments from other states which reflect the centrality of Chinese state-capitalist investments. Feinberg reports:

*“20 investors accounted for nearly \$3 billion of the \$3.5 billion; indeed, the top 10 investors accounted for the lion's share. The remaining universe of some 200 Joint Ventures, therefore, would account for only about \$500 million in investment capital, or an average of \$2.5 million per project.”*<sup>155</sup>

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<sup>153</sup> Figures in these paragraphs taken from ECLAC: Foreign Direct Investment in Latin America and the Caribbean 2012, p. 99 and ECLAC: Foreign Direct Investment in Latin America and the Caribbean, 2010, Briefing paper, p. 50, Richard E. Feinberg: Reaching Out: Cuba's New Economy and the International Response. Latin America Initiative at Brookings, 2011, pp. 29-30

<sup>154</sup> Rita Lobo: Cuba libre!, March 6th, 2013 <http://www.businessdestinations.com/featured/cuba-libre/>

<sup>155</sup> Richard E. Feinberg: The New Cuban Economy: What Roles for Foreign Investment?. Latin America Initiative at Brookings, 2012, p. 21

## Semi-Colonial Cuba to Get on Imperialist China's Bandwagon

China's influence is of decisive importance for Cuba's transformation from a degenerated workers state into a capitalist semi-colony. It is, besides Venezuela, the largest trading partner, foreign investor and foreign creditor. And Venezuela itself is highly dependent on Chinese imperialism as we have already explained on several occasions.<sup>156</sup> An expression of the close relationship between China and Cuba is the establishment of the first Five-Year Plan for Sino-Cuban cooperation in June 2011.

China has used its influence to spur the capitalist restoration process in Cuba. Adrian H. Hearn, a Western expert on China and Cuba, remarked recently:

*"The Cuban reforms formalised by the 2011 Communist Party Congress will support a further convergence of positions, as they propose a more balanced mix of state and market forces. Although Sino-Cuban initiatives are managed under the banner of state-to-state cooperation, Chinese support for Cuba's liberalisation agenda is prompting the Western hemisphere's only communist nation toward alignment with international norms. (...) The Chinese government has a vested interest in the success of Cuba's reforms, reflected in the negotiation of the first Five-Year Plan for Sino-Cuban cooperation in June 2011. As a long-time financier of Cuba's development, many are looking to Beijing to underwrite the credits and loans aspiring entrepreneurs need to grow small businesses."*<sup>157</sup>

In another article, Hearn added: *"[China]'s relations with Cuba demonstrate this pragmatism: for over a decade China has been advising the island to embrace private entrepreneurship, and to buy Chinese manufactured products. From refrigerators and televisions to public transport and hospital equipment, China's impact touches the daily lives of most ordinary Cubans.*<sup>158</sup>

Richard Feinberg makes a similar observation:

*"Cuba irked the Chinese when it suspended foreign exchange payments during a 2008-9 financial crunch. Today, the commercially-minded Chinese press the Cubans for investment deals that meet basic business tests for financial efficiency and secure servicing of debts. According to a Chinese diplomat in Havana, 'Chinese banks want business terms, they want to see borrowers' profitability and means of repayment — and they demand Chinese government guarantees.' Some observers opine, albeit with some exaggeration, that China has become Cuba's IMF!"*<sup>159</sup>

<sup>156</sup> See Michael Pröbsting: The Great Robbery of the South. pp. 269-271; RCIT: Presidential elections in Venezuela: There is no alternative for the workers on the ballot paper!, 3.10.2012, [www.thecommunists.net/worldwide/latin-america/elections-in-venezuela](http://www.thecommunists.net/worldwide/latin-america/elections-in-venezuela)

<sup>157</sup> Adrian H. Hearn: China, Global Governance and the Future of Cuba, in: Journal of Current Chinese Affairs, Vol. 41, No. 1 (2012), pp. 170-171

<sup>158</sup> Adrian H. Hearn: China and the Cuban Economy, February 28, 2012, <http://www.americasquarterly.org/china-and-the-cuban-economy>

<sup>159</sup> Richard E. Feinberg: Reaching Out: Cuba's New Economy and the International Response. Latin America Initiative at Brookings, 2011, p. 42

## Keeping the Authoritarian Rule of the Stalinist PCC

The Castroite regime orientates towards the Chinese model of capitalist restoration not only on the economic level but also in the political arena. Its goal is to combine the formation of a capitalist class and a market economy with the continuation of the political rule by the Stalinist party as happened in China, Vietnam and Laos.

This is combined with a central role of the military apparatus in overseeing the country's transformation into a capitalist state. Again similarly to the Chinese state-capitalist road, where the Peoples Liberation Army takes a central place not only in the political system but also in the economy, the Revolutionary Armed Forces (FAR) run a number of key sectors of Cuba's economy. Despite a reduction of non-civilian employment in the crisis-ridden years from 1989 to 1998, according to official figures it still accounted for nearly 13% of the total labor force. It is a major factor in running the economy: *"Though official figures are not available, it is clear that the Cuban military is heavily involved in the country's economy, especially in sectors that earn hard currency, and its officers run many of the largest state enterprises."*<sup>160</sup>

In order to manage a controlled improvement of the economy where any protest of the working class could be suppressed, the PCC regime decided to put the FAR military bureaucracy in charge of key sectors of the economy. The FAR began to play a crucial part in the implementation of the *Sistema de Perfeccionamiento Empresarial* (SPE), or Enterprise Perfection System, which was designed to increase effectiveness in Cuban industries by making them more market oriented and competitive in their economic output.<sup>161</sup> These were in fact first steps which objectively prepared the state-capitalist road:

*"By adopting Western style management and organizational techniques, the FAR first began its business operation with the Military Industries Union (UIM) and later created its own business improvement model — perfeccionamiento empresarial. The success of the UIM was a catalyst to expand into the key economic sectors of the Cuban economy: sugar and tourism. Utilizing the concepts of modernized methods of management and organizational structure, the FAR retooled economic socialist theory with a quasi-capitalist styled one."*<sup>162</sup>

Today, according to one estimate, the military controls about 60% of the economy through the management of hundreds of enterprises in key economic

<sup>160</sup> Luis Locay: *The Future of Cuba's Labor Market: Prospects and Recommendations*, Cuba Transition Project (CTP), Institute for Cuban and Cuban-American Studies, University of Miami, 2004, p. 20

<sup>161</sup> Michael Aranda: *The Evolution of the Cuban Military: A Comparative Look at the far with the Bureaucratic-Authoritarian Model of South America*; in: *Cuba in Transition: Volume 20* (2010), Association for the Study of the Cuban Economy, p. 202

<sup>162</sup> Armando F. Mastrapa: *Soldiers and Businessmen: The FAR During the Special Period*, in: *Cuba in Transition: Volume 10* (2000), Association for the Study of the Cuban Economy, p. 432

sectors.<sup>163</sup>

So, as we see, the combined party and military bureaucracy have positioned themselves to lead the country Cuba towards capitalism in a highly-centralized, authoritarian way. They have concentrated the political and military resources in order to use them to oppress any possible working class resistance. Fighting against their authoritarian regime is a central part of the program for socialist revolution in Cuba.

## Excuse: A Short Note on Cuba and the Maccabiah Games

One of the earlier signs of the transformation of the former USSR from a degenerated workers' state to a capitalist state was the change of policy of the ruling bureaucracy towards Israel with Mikhail Gorbachev's rise to power in 1985. That year saw the start of significant improvements in Soviet-Israel relations that were severed following the 1967 war.

It is symbolic for Cuba's march towards capitalism that, in 2013, the first official Cuban delegation participated in the ultra-Zionist XIX *Maccabiah*.

The Maccabiah Games are Jewish Olympics, held in Israel the year following the Olympic Games. Every four years, the best Jewish athletes from throughout the world compete in Open, Masters, Juniors, and Disabled competitions in Israel. This is not simply a sporting event; it is a major political event in support of Israel.

The Maccabiah is staged under the auspices of the *Maccabi World Union* (MWU), a worldwide Zionist youth and sports organization devoted to furthering the Zionist concept of the Jews as a world nation. The MWU is headquartered in Israel.

The concept of the Maccabiah Games was the brainchild of Yosef Yekutieli who, in 1928, proposed his nationalist-Zionist idea of organizing a sporting event to the Jewish National Fund. Its purpose was to symbolize the recognition of Palestine as the Jewish National Home – the embryonic Zionist state.

The original Maccabiah was held between 28<sup>th</sup> March and 6<sup>th</sup> April 1932. The Games were reborn in 1950, in the State of Israel, following the ethnic cleansing of the Palestinians. Today, the Games are organized by an International Maccabiah Committee and are sanctioned by the International Olympic Committee and World Federation of Sports.

Without comparing Israel to Nazi Germany, we should remind our readers that the same International Olympic Committee supported the holding of the 1936 Olympic Games in Nazi Germany, implicitly a gesture of political support, even though the Dachau concentration camp was already operating at the time, with the full knowledge of the International Olympic Committee. The alternative location for the 1936 Olympics – the former USSR – was rejected by

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<sup>163</sup> Carl Gershman and Orlando Gutierrez: Ferment in Civil Society. Can Cuba Change?, in: Journal of Democracy, January 2009, Volume 20, Number 1, p. 38

the same International Olympic Committee.

The 44 Cuban athletes who participated in the 2013 Maccabiah Games wore their new uniforms in the red, white and blue of the Cuban flag – with the letters “PRT” sewn onto their sleeves. These letters are the initials of Preston Robert Tisch, the late American Zionist billionaire. His son, Steve Tisch, co-owner of the New York Giants American football team, who helped fund the participation of the Cuban team, decided to inscribe the initials on the uniforms as a “*personal footnote*” to commemorate his father. Mark Torriero, a 31-year-old Christian Zionist and wrestler, was another person who contributed to these uniforms by organizing a fundraising drive on the Internet to buy uniforms for the Cuban softball team’s “*athletes of faith*”.<sup>164</sup>

The fact that an official Cuban delegation participated this year in the Maccabiah is not *only* a scabbing of the call by the BDS (the international boycott campaign against Apartheid-Israel) to boycott the Maccabiah because of its political nature. It also reflects the transformation of Cuba into a capitalist state, sending a clear message by the Cuban ruling class that Cuba is now on the side of the imperialists.<sup>165</sup>

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<sup>164</sup> See Chemi Shalev: First Cuban delegation to Maccabiah reflects revival of tiny Jewish community, Haaretz, 18.07.13, <http://www.haaretz.com/news/sports/maccabiah-2013/.premium-1.534530>

<sup>165</sup> I want to express my thanks to comrade Yossi Schwartz who provided me with this useful information on the Maccabiah Games and Cuba’s recent participation.

## Chapter IV: The Program for Socialist Revolution in Cuba

As we repeatedly said, Cuba was a degenerated workers state from 1960/61 until 2010/11. With the Castroite/Stalinist regime's decisive turn to restore capitalism, Cuba has now been transformed into a semi-colonial capitalist state which is mainly dependent on Chinese imperialism.

The main task of the Cuban working class is to defend its social achievements in order to prepare the struggle for a new socialist revolution. In the following, we present a number of demands which we consider as essential for new revolutionary Action Program for Cuba today. The RCIT looks forward to discuss it with revolutionaries in Cuba, Latin America and all over the world in order to improve and develop it further.

### *Defend the Social Achievements!*

- \* No to the mass lay-offs in the state-owned enterprises! Jobs for All!
- \* No to wage cuts! No to the increasing inequality between the wages!
- \* Open the Books of the state-owned, cooperative and private enterprises as well of all foreign corporations and Joint Ventures!
- \* Down with inflation! For automatic rises of wages in case of a rise of prices!
- \* Stop the cuts in social services! Return to the former retirement ages (55 for women and 60 for men)!
- \* Stop and reverse the privatization of state-owned enterprises!
- \* Defend women's right to abortion! Equal Wage for Equal Jobs!
- \* No criminalization of prostitutes! Offer public sector jobs and training programs financed by the state for prostitutes!
- \* No return to the criminalization of Lesbians and Gays! Full and equal rights for all, irrespective of their sexual orientation!

### *Down with the Castroite dictatorship! Democracy for the working class and the popular masses!*

- \* Freedom of speech and assembly, freedom of political and union organizing, as well as the freedom to make use of all communication and information media! Put the media neither in the hands of the Castroite regime nor in the hands of private enterprises, but under the control of democratic workers and poor peasant councils!
- \* For the legal right of workers to strike!
- \* Free all political prisoners!
- \* Down with the One-Party-Dictatorship! For the right to form parties! It must not be the bureaucratic state-capitalist dictatorship who decides which parties shall exist but the popular masses themselves!
- \* Down with corruption! For public disclosure of all privileges of the bureaucracy! For a Workers' Court to penalise corruption!

\* For full democratic rights inside the trade union federation CTC! For the right to form Independent Trade Unions and Workplace Committees!

\* Scrap the old Stalinist Constitution which was never democratically discussed and voted on by the Cuban people! For a Revolutionary Constituent Assembly to discuss and work out a new constitution! The delegates should be controllable and open to recall by the popular masses!

\* All honest communists inside the PCC should fight against the bureaucracy and new bourgeoisie which are dominating the party! But no illusions into the possibility to reform the party of the restorationist state apparatus!

*Down with US Embargo! Defend Cuba against US imperialism and the Gusanos!*

\* No to the US embargo against Cuba! For international working class actions to force the USA to drop the embargo!

\* No to any provocations and interference of US imperialism against Cuba! Close down the US-base in Guantanamo and give the land back to Cuba!

\* For Workers' and Popular Guard Committees to organize the fight against the *Gusanos* bourgeoisie's and US imperialism's attempts to intervene in Cuban politics!

\* Workers and Oppressed organizations in the USA: Organize amongst the Cuban migrants in the USA to mobilize them against the *Gusano* bourgeoisie and US imperialism!

*Expropriate and Expel the Chinese Imperialists!*

\* No the 5 year Cuba-Chinese Cooperation Plan!

\* Expropriate Chinese and other imperialist property in Cuba!

\* Down with Chinese imperialism! Solidarity with the working class and oppressed nations in China against the Stalinist-capitalist regime in Beijing!

*A Program for Workers Power!*

\* For the formation of democratic Workers, poor Peasant and Soldiers councils!

\* For a state monopoly of Foreign Trade!

\* For single State Bank under workers and popular council control!

\* Nationalization of all larger foreign and domestic enterprises under workers control!

\* Nationalization of all land! It is up to the Workers' and poor Peasant councils to decide if, and respectively in which proportions, the land should then be given to individual peasants, cooperatives or state farms for maintaining.

\* Smash the Stalinist-capitalist state apparatus! Replace the secret service, the FAR and the police with a workers and popular militia!

\* For Workers, poor Peasant and Soldiers councils and militias to organise the struggle against the regime and constitute the basis for a future Workers' and poor Peasant' Government!

\* For an Emergency Plan to combat the economic crisis discussed and decided by a national congress of the Workers, poor Peasant and Soldiers councils!

*Internationalization of the Revolution!*

The fate of the Cuban revolution in the end is bound to the question if the revolution can be internationalized to Latin America and worldwide. This is why, immediately after taking power, a revolutionary workers and peasant government would launch an international offensive. It would appeal to the socialist-minded workers and peasants in Venezuela, Bolivia and Ecuador, the rebellious masses in Brazil and the whole continent to rise up in solidarity with the New Cuban Revolution. It would equally appeal to the revolutionary masses in Egypt, Turkey and the whole North African and Middle East region as well in Southern Europe.

A Cuban revolutionary workers and peasant government would warn against any illusions in Chinese imperialism which masks its expansionism under the mask of "socialism". It would equally warn against any political support for the Bolivarian bourgeois-populist leaderships of Maduro, Morales and Correa. While defending the Bolivarian governments against the counter-revolutionary threat of US imperialism as well as the domestic bourgeoisie, it would call the workers and poor peasants to prepare to overthrow the Bolivarian regimes and take power in their own hands. Such a revolutionary Cuba would call the mass organizations of the workers, peasants and oppressed to break with any popular front with the Bolivarian bourgeoisie and Chinese imperialism.

Some might say that Cuba is a small country and its workers and peasant revolution will be too weak to move things. We reply: Remember the galvanizing effects which the Cuban Revolution had internationally in 1959-61 and after! And this was at a time where world capitalism was strong and stable, where the Western world was lead by an undisputed imperialist power, the USA, and where Stalinism was also strong and could massively restrain the workers and liberation movement around the globe. This time is different: World capitalism is in its deepest crisis since 1929. US hegemony has declined and rivalry with other Great Powers, in particularly China, is intensifying. And Stalinism is much weaker today and has no state power behind it.

\* Open the books to all secret treaties! Repudiate all treaties with imperialist powers!

\* Down with the Castroite foreign policy of support for bourgeois regimes! For Revolutionary Cuban aid to revolutionary movements in the Bolivarian states and world-wide!

\* Down with the Bolivarian bourgeoisies who tie the workers to the popular front with China!

\* For socialist revolution and Workers' and Poor Peasants Governments in Latin America!

\* For the United Socialist States of Latin America and the Caribbean!

*For a Revolutionary Party! For the Fifth Workers International!*

The question of the party was and remains the decisive question for the future of the Cuban revolution. The Cuban workers have been oppressed and robbed of the possibility to freely discuss and gain experience for decades. This makes it likely that at the beginning of the coming revolution the masses will have a lot of petty-bourgeois democratic illusions. Revolutionaries must oppose the unavoidable repression of the Castroite-capitalist regime against the Cuban workers and peasants. They should do whatever possible to help the masses to acquire a socialist consciousness through free discussions and their own experience.

This requires the quickest possible formation of a first nucleus on the basis of a revolutionary action program for the Cuban Revolution with an orientation towards building a new revolutionary Workers International which, in our opinion, will be the Fifth International. Such a Bolshevik organization can be instrumental in building a revolutionary workers party. It is only such a party which can constitute the necessary leadership for the working class to successfully overthrow the Castroite-capitalist regime and take power in its own hands. The RCIT is willing to support this process as much as possible and to discuss and collaborate with revolutionaries in Cuba.

## Chapter V: Summary

In this summary we want to present as a number of theses the main elements of the RCIT's analysis of the Cuban Revolution, its political expropriation by the Castroite-Stalinist bureaucracy and the capitalist counterrevolution in the last years.

1. The Cuban Revolution in 1959-61 was an important event in the 20<sup>th</sup> century. It was not simply a putsch by a small band of armed guerillas. It took place against the background of massive workers and peasants struggles which involved hundreds of thousands and millions of workers and peasants. Since no revolutionary workers party existed, the revolution was led by the petty-bourgeois Castroite M-26-7 guerilla movement which advocated a bourgeois reform program but no socialist revolution. Neither did the Stalinist PSP leadership seek such a revolution.

2. The Cuban Revolution soon met the outright hostility and subversion by US imperialism. The pressure of the counterrevolution on one hand and of the domestic class struggle on the other hand squeezed the Castroite bureaucracy. It's only possibility i) to keep power and privileges, ii) to accommodate the pressure of the masses but control them at the same time and iii) to withstand the aggression of US imperialism was to transform Cuba bureaucratically into a degenerated workers' state and make it a close ally of the Stalinist bureaucracy of the USSR. Hence the Castroite bureaucracy was forced to expropriate the foreign and domestic bourgeoisie, to oppress independent working class activity and to ally itself with the Soviet Union in 1960/61. In this process did the Castroite M-26-7 as well as the Stalinist PSP leadership decide to join forces and to form the PCC (in which the Castro leadership dominated).

3. Cuba, therefore, never was a "socialist country". While it remained initially a capitalist country after the overthrow of Batista (albeit with a highly mobilized working class and a feeble bourgeoisie), it became a degenerated workers state when the Castroite government was transformed into an anti-capitalist bureaucratic workers government and took decisive measures to nationalize and plan the economy while politically expropriating the working class in summer 1960.

4. Despite its bureaucratic degeneration, the Cuban Revolution provided the working masses with a number of concrete social gains: wages rose, the peasants got access to land, a regionally exceptional high developed health care system was created as well as social benefits, a low retirement age, a regionally high level of women participation in the labor process, the right of abortion, etc.

5. However due to the failure in spreading the revolution to the Latin American continent and the domestic bureaucratic domination, the Cuban masses became more and more passive and cynical towards the regime. The

regime also failed to build a diversified industry, so the economy remained dependent on sugar production and export.

6. We Trotskyists fought for a program of political revolution as long as Cuba remained a degenerated workers state (from 1960 until 2010/11) did. We called for the defense of the planning system and the proletarian property relations against any step towards capitalist restoration. At the same time, we called for the abolition of the bureaucracy's privileges as well as control over the economy and the society. Such a program also included the call for working class independence (right of workers to strike, action committees in workplaces, independent trade union, right to form parties, etc.). A successful political revolution required the formation of action councils (soviets) and armed popular militias to organize an armed insurrection in order to smash the Stalinist-bourgeoisified state apparatus and to replace it with a healthy workers state, i.e., a proletarian dictatorship as it existed in the young Soviet Union in the times of Lenin and Trotsky. Such a revolutionary workers state would have strived to internationalize the revolution in Latin America and all over the world. Such a perspective however did not materialize because of the absence of a revolutionary workers party and a revolutionary worker international.

7. The highly bureaucratized and dependent Cuban economy entered a deep crisis with the collapsed of the USSR in 1989-91. Since then, the Castroite regime has increasingly – albeit with zigzags – turned towards pro-market reforms. The Cuban Stalinist model was in a cul-de-sac.

8. The model of a successful capitalist restoration and a growing economy in China without loss of power for the Stalinist bureaucracy convinced the Castroite leadership that there was a way out for them. It therefore turned decisively towards the restoration of capitalism. This turn was expressed by the announcement of a series of drastic pro-capitalist measures in autumn 2010 and spring 2011 (around the Sixth Congress of the PCC). Castroism had returned to its bourgeois roots.

9. *Mass lay-offs in the state-owned enterprises and introduction of the law of value:* In 2011 and 2012 already between 360.000 and 500.000 workers were sacked from the state-owned enterprises. The Castro government wants to lay-off a million workers by 2016 – a fifth of the total labor force of the country!

10. *Massive boost of a private capitalist sector and advancing the formation of a domestic capitalist class of private property owners:* the private capitalist sector has already grown massively. The government announced to reduce the state share in GDP from originally 95% to around 40% by 2017.

11. *Cutting the social benefits in order to create an industrial reserve army of labor and hence a better exploitable working class:* The Castro regime ended the practice of paying 60% of the salary of workers laid off from their jobs. In addition, it increased retirement ages by five years for both sexes, raising it to 60 for women and 65 for men. In addition, the number of products sold at subsidized prices has been reduced, or the amounts made available substantially cut back.

12. *Opening the economy for imperialist capital and in particular for China's monopolies:* Foreign Direct Investment has substantially increased in the last years up to \$3.5 billion. Most of this investment is concentrated in a few major projects like oil exploitation. Cuba is increasingly dependent on China which is a major trading partner, foreign investor and creditor. Another key element of Cuba's transformation into a semi-colony of Chinese imperialism is the establishment of the first Five-Year Plan for Sino-Cuban cooperation in June 2011.

13. *Keeping the authoritarian rule of the Stalinist PCC:* The Communist Party is determined to keep the dictatorship as the Chinese model has done it. Part of this effort of a state-capitalist transformation of the country is the regime's policy of the recent past to put key sectors of the economy under the command of the army bureaucracy. According to one estimate, the military controls about 60% of the economy through the management of hundreds of enterprises in key economic sectors.

14. Cuba's transformation from a degenerated workers state into a capitalist semi-colony has altered the tasks for the working class. It is no longer to organize a political revolution but a social revolution in order to overthrow the Castroite regime and establish an authentic workers and peasant government.

15. Such a program for social revolution starts from the defense of the existing social gains of the Revolution and opposition against the brutal measures of capitalist restoration: this includes resistance against the mass layoffs, privatization of state enterprises and social cuts, defense of women's rights like abortion as well as the struggle for democratic rights (right to strike, forming independent trade unions, forming new parties, etc.)

16. Another important aspect of the revolutionary program is the struggle to defend Cuba against the permanent aggression of US imperialism, as well as against the subordination of Cuba to Chinese imperialism.

17. The program for social revolution must call for building workers', poor peasants' and soldiers' councils and armed militias. They should fight for an armed insurrection against the Castroite-capitalist regime and for the establishment of a Workers' and poor Peasants' Government based on such councils and militias. A victorious Cuban workers state would strive to internationalize the revolution in Latin America and beyond.

18. The success of the socialist revolution requites the timely formation of a revolutionary party as part of the Fifth Workers International. The *Revolutionary Communist International Tendency* (RCIT) will do its best to support the formation of a revolutionary nucleus in Cuba.



## Major Events in Cuban History 1868-1962

- 1492 Christopher Columbus claims Cuba for Spain.
- 1511 Spanish conquest begins under the leadership of Diego de Velazquez.
- 1526 Shipping of Slaves from Africa begins
- 1762 Havana captured by a British force led by Admiral George Pocock and Lord Albemarle.
- 1763 Havana returned to Spain by the Treaty of Paris.
- 1868-78 Ten Years War of Independence ends in a truce with Spain promising reforms and greater autonomy. However these promises were mostly never met.
- 1886 Slavery abolished.
- 1895-98 Second War of Independence, led by Jose Marti.
- 1898 Battleship *Maine* explodes in Havana harbor, and the United States declares war on Spain. The US defeats Spain and a subsequent peace treaty makes Cuba a U.S. protectorate.
- 1901 Platt Amendment is attached to the Cuban constitution, granting the United States the right to intervene in Cuban affairs.
- 1902 Cuba is officially declared independent, although Platt Amendment restrictions on its sovereignty remain.
- 1903 United States and Cuba ratify and enact reciprocal trade agreement.
- 1906-09 President Estrada resigns and the US occupies Cuban territory, following a rebellion led by Jose Miguel Gomez.
- 1912 Black protests against discrimination and US forces return to Cuba.
- 1917-22 United States intervenes in Cuba.
- 1925-33 Gerardo Machado rules as dictator.
- 1933 Machado dictatorship is overthrown on August. On September 4, Sergeant Fulgencio Batista leads revolt with the support of civilian revolutionaries. Ramon Grau

San Martin becomes provisional president. U.S. government, which had been actively intervening in Cuban politics both before and after Machado's overthrow, does not recognize Grau government.

- 1934 Batista, with U.S. support, removes Grau's nationalist government. Platt Amendment is officially abolished, although United States retains in perpetuity a naval base in Guantanamo Bay. Cuba and the United States sign new reciprocal trade agreement.
- 1934-40 Batista, as head of the army, controls Cuba through puppet governments.
- 1940 New Cuban constitution is adopted.
- 1940-44 Batista rules Cuba as constitutional president.
- 1944-48 Grau, leader of the Autentico Party, serves as president.
- 1948-52 Autentico leader Carlos Prio Socarras succeeds Grau as president.
- March 10, 1952 Batista overthrows Prio in military coup.
- July 26, 1953 Some 160 revolutionaries under the command of Fidel Castro launch an attack on the Moncada barracks in Santiago de Cuba. The attack fails, and the Castro brothers and many followers are imprisoned.
- October 16, 1953 Fidel Castro makes his famous "*History Will Absolve Me*" speech in his own defense against the charges brought on him after the attack on the Moncada Barracks.
- November 1954 Batista dissolves parliament and is elected constitutional president without opposition.
- May 15, 1955 Batista decrees political amnesty, and the Castro brothers, their followers, and other political prisoners are released from prison.
- Dec. 2, 1956 The *Granma* lands in Oriente Province, bringing Fidel Castro and his followers from Mexico.
- March 13, 1957 Attack on Presidential Palace by Directorio Revolucionario fails.
- March 13, 1958 U.S. suspends shipments of arms to Batista's forces.
- April 9, 1958 General strike fails.
- July 1958 Batista army offensive against rebels in Oriente Province fails.

- January 1, 1959* Batista flees Cuba, and 26<sup>th</sup> of July Movement rebels take over.
- April 1959* Castro visits the United States of America.
- May 1959* Agrarian reform law is enacted.
- October 1, 1959* Unofficial Soviet envoy Aleksandr Alekseev arrives in Cuba to establish direct link between the Soviet Union and Cuban government.
- February 4, 1960* Soviet leader Anastas Mikoyan arrives in Cuba and signs trade treaty with Cuban government.
- March 1960* U.S. government adopts systematic covert action plans to overthrow Cuban government. Plans had been in preparation since late 1959.
- May 1960* Fidel Castro achieves complete control of Cuban press and mass media. Soviet Union and Cuba resume full diplomatic relations.
- June-July 1960* U.S.-owned oil companies refuse to process Soviet oil and are then expropriated by Cuban government. Dwight D. Eisenhower abrogates Cuban sugar quota.
- August 1960* Castro undertakes large-scale expropriation of U.S.-owned property in Cuba.
- October 1960* Full-scale U.S. economic blockade of Cuba begins. Cuban government carries out large-scale expropriation of Cuban capitalists.
- January 3, 1961* The United States breaks off diplomatic relations with Cuba in response to the nationalization of U.S.-owned properties.
- April 15, 1961* U.S. government organizes bombing of Cuban airfields.
- April 16, 1961* Fidel Castro declares "socialist" character of Cuban Revolution.
- April 17, 1961* U.S.-sponsored invasion of Cuba fails after a few days of fighting in central Cuba.
- February 7, 1962* The United States imposes a complete commercial embargo against Cuba that remains in place today.
- October 1962* The United States and the Soviet Union have a showdown that almost touches off war after the U.S. discovers Soviet nuclear missiles on Cuba. The tense confrontation ends with the Soviets removing the missiles and the U.S. agreeing never to invade Cuba and, secretly, pulling its missiles from Turkey.

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## About the Author

Michael Pröbsting was born in Vienna (Austria) in 1967. He became politically active when he was 14 years old and has been an organized Trotskyist militant since the age of 16. After five years of membership in the *United Secretariat of the Fourth International* of Ernest Mandel, he joined the *League for a Revolutionary Communist International* (later renamed to *League for the Fifth International*) in February 1989. He served on the leadership bodies of the Austrian section from 1989 and of the LRCI/LFI since 1994, until he and his comrades-in-arms were expelled by the majority of this organization in April 2011. Soon after this, they founded the *Revolutionary Communist Organization for Liberation* in Austria and the *Revolutionary Communist International Tendency* which has sections in Pakistan, Sri Lanka, Occupied Palestine/Israel, the USA, and Austria. He serves as the International Secretary of the RCIT.

As part of his international political work, Michael Pröbsting has spent lengthy periods in Occupied Palestine (Israel) in 1985, Eastern Germany during the political revolutionary process of 1989-91, Britain in 1994, and during the revolutionary period in Argentina in 2002. In addition, he gained experience in workers' and anti-imperialist movements during numerous visits to Sri Lanka, Lebanon, Turkey, Greece, Kosovo, Serbia, Ukraine, Russia, Slovakia, the Czech Republic, Hungary, Italy, Germany, Britain, France, Belgium, Netherlands, Sweden, and the USA.

Michael Pröbsting is the author of many articles and pamphlets in both German and English. He has also authored books on Migration (*Marxismus, Migration und revolutionäre Integration*, 2010) and the Arab Revolution (*Die halbe Revolution. Lehren und Perspektiven des arabischen Aufstandes*, 2011). In addition, he has contributed to a book on Rosa Luxemburg (*Rosa Luxemburg – "Ich bin ein Land der unbeschränkten Möglichkeiten"*, 1999) as well as to the *The Credit Crunch – A Marxist Analyses* (2008), the latter of which has been published in English, German, and Turkish). In 2013, he published his latest book, *The Great Robbery of the South*, which analyses the super-exploitation and oppression of the semi-colonial world (often referred to as the "Third World") by the imperialist powers and monopolies.

# *New Book from the RCIT*

## **Michael Pröbsting: The Great Robbery of the South**

### **Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital. Consequences for the Marxist Theory of Imperialism**

The RCIT is proud to announce the publication of a new book. It's called *THE GREAT ROBBERY OF THE SOUTH*. The book's subtitle is: *Continuity and Changes in the Super-Exploitation of the Semi-Colonial World by Monopoly Capital. Consequences for the Marxist Theory of Imperialism*. The book is in English-language. It has 15 chapters, 448 pages and includes 139 Tables and Figures. The author of the book is *Michael Pröbsting* who is the *International Secretary of the RCIT*.

In *The Great Robbery of the South* *Michael Pröbsting* analyses the super-exploitation and oppression of the semi-colonial world (often referred to as the "Third World") by the imperialist powers and monopolies. He shows that the relationship between the small minority of rich capitalist countries and the huge majority of mankind living in the semi-colonial world forms one of the most important elements of the imperialist world system we are living in. *The Great Robbery of the South* shows that the past decades have been a complete confirmation of the validity of Lenin's theory of imperialism and its programmatic conclusions.

*The Great Robbery of the South* demonstrates the important changes in the relationship between the imperialist and the semi-colonial countries. Using comprehensive material (including 139 Tables and Figures), *Michael Pröbsting* elaborates that never before has such a big share of the world capitalist value been produced in the South. Never before have the imperialist monopolies been so dependent on the super-exploitation of the semi-colonial world. Never before has migrant labor from the semi-colonial world played such a significant role for the capitalist value production in the imperialist countries. Never before has the huge majority of the world working class lived in the South – outside of the old imperialist metropolises.

In *The Great Robbery of the South* Michael Pröbsting argues that a correct understanding of the nature of imperialism as well as of the program of permanent revolution which includes the tactics of consistent anti-imperialism is essential for anyone who wants to change the world and bring about a socialist future.

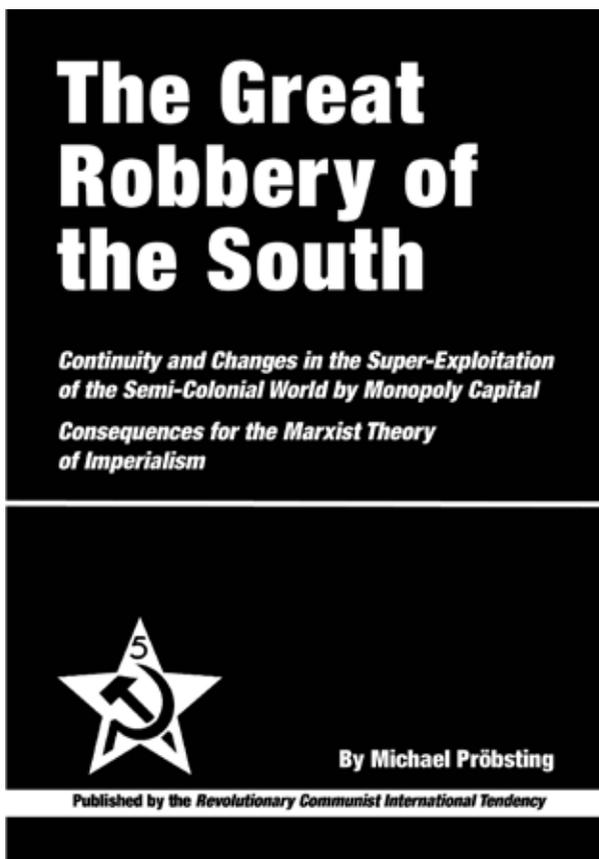
You can view more details of the book as well as excerpts at the special website which we have created for this book:

**[www.great-robbery-of-the-south.net](http://www.great-robbery-of-the-south.net)**

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**Price:** 15 Euro / 20 US-Dollars / 13 British Pound



## **Revolutionary Communist International Tendency: What does the RCIT stand for?**

The *Revolutionary Communist International Tendency* (RCIT) is a fighting organisation for the liberation of the working class and all oppressed. It has national sections in various countries. The working class is the class of all those (and their families) who are forced to sell their labour power as wage earners to the capitalists. The RCIT stands on the theory and practice of the revolutionary workers' movement associated with the names of Marx, Engels, Lenin and Trotsky.

Capitalism endangers our lives and the future of humanity. Unemployment, war, environmental disasters, hunger, exploitation, are part of everyday life under capitalism as are the national oppression of migrants and nations and the oppression of women, young people and homosexuals. Therefore, we want to eliminate capitalism.

The liberation of the working class and all oppressed is possible only in a classless society without exploitation and oppression. Such a society can only be established internationally.

Therefore, the RCIT is fighting for a socialist revolution at home and around the world.

This revolution must be carried out and led by the working class, for she is the only class that has nothing to lose but their chains.

The revolution can not proceed peacefully because never before has a ruling class voluntarily surrendered their power. The road to liberation includes necessarily the armed rebellion and civil war against the capitalists.

The RCIT is fighting for the establishment of workers' and peasant republics, where the oppressed organize themselves in rank and file meetings in factories, neighbourhoods and schools – in councils. These councils elect and control the government and all other authorities and can always replace them.

Real socialism and communism has nothing to do with the so-called "real existing socialism" in the Soviet Union, China, Cuba or Eastern Europe. In these countries, a bureaucracy dominated and oppressed the proletariat.

The RCIT supports all efforts to improve the living conditions of workers and the oppressed. We combine this with a perspective of the overthrow of capitalism.

We work inside the trade unions and advocate class struggle, socialism and workers' democracy. But trade unions and social democracy are controlled by a bureaucracy. This bureaucracy is a layer which is connected with the state and capital via jobs and privileges. It is far from the interests and living circumstances of the members. This bureaucracy's basis rests mainly on the top, privileged layers of the working class - the workers' aristocracy. The struggle for the liberation of the working class must be based on the broad mass of the proletariat rather than their upper strata.

The RCIT strives for unity in action with other organizations. However, we are

aware that the policy of social democracy and the pseudo-revolutionary groups is dangerous and they ultimately represent an obstacle to the emancipation of the working class.

We fight for the expropriation of the big land owners as well as for the nationalisation of the land and its distribution to the poor and landless peasants. We fight for the independent organisation of the rural workers.

We support national liberation movements against oppression. We also support the anti-imperialist struggles of oppressed peoples against the great powers. Within these movements we advocate a revolutionary leadership as an alternative to nationalist or reformist forces.

In a war between imperialist states we take a revolutionary defeatist position, i.e. we don't support neither side and advocate the transformation of the war into a civil war against the ruling class. In a war between an imperialist power (or its stooge) and a semi-colonial country we stand for the defeat of the former and the victory of the oppressed country.

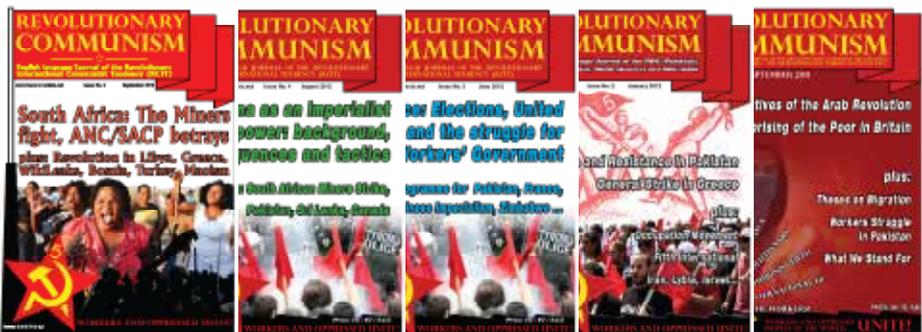
The struggle against national and social oppression (women, youth, sexual minorities etc.) must be led by the working class. We fight for revolutionary movements of the oppressed (women, youth, migrants etc.) based on the working class. We oppose the leadership of petty-bourgeois forces (feminism, nationalism, Islamism etc.) and strive to replace them by a revolutionary communist leadership.

Only with a revolutionary party fighting as its leadership can the working class win. The construction of such a party and the conduct of a successful revolution as it was demonstrated by the Bolsheviks under Lenin and Trotsky in Russia are a model for the revolutionary parties and revolutions also in the 21 Century.

For new, revolutionary workers' parties in all countries! For a 5<sup>th</sup> Workers International on a revolutionary basis! Join the RCIT!

*No future without socialism! No socialism without a revolution! No revolution without a revolutionary party!*

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RCIT's Journal *Revolutionary Communism!***





In *Cuba's Revolution Sold Out?* Michael Pröbsting analyses the character of the Cuban Revolution 1959-61, its bureaucratic degeneration and the recent march of the Castro leadership towards capitalism.

The author shows how the Cuban Revolution was driven forward by the workers' and peasants' struggles. He also exhibits how capitalism was abolished against the initial intentions both of the Castro's *Movimiento 26 de Julio* as well as of the official communist party PSP.

*Cuba's Revolution Sold Out?* shows in detail how in recent years a number of political, economic and social measures were taken by the Cuban government which opens the road to capitalism. Michael Pröbsting also elaborates the important role of the new imperialist power China in Cuba's state policy as it is exemplified in the agreement of the first Five-Year Plan for Sino-Cuban cooperation in June 2011.

In *Cuba's Revolution Sold Out?* the author also discusses from the viewpoint of Marxist theory the nature of the ruling bureaucracy in Stalinist states as well as the process of restoration of capitalism.

Finally, the book proposes a socialist program for political and social revolution in Cuba in order to halt the advance of capitalism and to eradicate the bureaucratic regime.



**Michael Pröbsting** is a revolutionary activist since 30 years. He is the author of many articles and pamphlets in German and English language. He published books or contributed to books on Rosa Luxemburg (1999), on the World Economy (2008), on Migration (2010) and the Arab Revolution (2011). His latest book, published in 2013, is *The Great Robbery of the South* in which he analyses the super-exploitation and oppression of the semi-colonial world (often referred to as the "Third World") by the imperialist powers and monopolies. He is the International Secretary of the *Revolutionary Communist International Tendency*.