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Bert Hoffmann

## Social Policies and Institutional Reform in Post-COVID Cuba: A Necessary Agenda

The COVID-19 pandemic has put social policy high on the political agenda around the world. Cuba is no exception. The collapse of international tourism has hit Cuba's leading industry, emigrant remittances have decreased and, as elsewhere, lockdown measures have weighed on domestic economic activity. Already in crisis, the economy contracted sharply in a very short period and dragged the people's living standards down with it. Meanwhile, Raúl Castro's retirement from the Communist Party leadership in 2021 means Cuban socialism enters the post-Castro era, while also facing the uncharted waters of economic reform in a situation of profound social distress.

In the past, the leaders of the Cuban Revolution preferred to speak about "social accomplishments" (*conquistas sociales*) rather than social policies. Health and education were the banners that brought international recognition to Cuba's development model. Much of the core social policies in other countries, such as assisting the poor and unemployment benefits, were seen as typical of capitalism. There was no need for them in socialism: the state economy would provide full employment and everybody was expected to be able to lead a modest but dignified life on their salaries or, if retired, their pensions.

However, the model was in crisis long before the pandemic hit. The all-dominant state sector of the economy that was the great mechanism of social integration and equality went into reverse in the crisis of the early 1990s following the demise of the Soviet Union. As the Cuban peso (CUP) lost value, so did peso-based salaries. And even when the Cuban economy stabilised and returned to growth, currency and salaries never fully recovered. On the eve of the COVID-19 pandemic, the peso was still at 1:25 to the US dollar – or to be more exact to the dollar-pegged so-called "convertible peso" (CUC) that the Cuban state introduced as a way to ban the US currency from physical circulation. The dual monetary system not only distorted all economic relations but access to hard currency from remittances sent by emigrated family members, work in tourism or other means became a key dividing line in Cuban society.

For more than a decade the overhaul of the economic and social system has been on the agenda (Alonso, 2020). When in 2006 Raúl Castro took over the

leadership of the state from his ailing brother, succession was all in the name of continuity. Nevertheless Raúl embarked the country on a process of gradual economic reform. Politically, while any thought of regime change towards liberal democracy was firmly off the cards, Cuba went through a transition from a model of charismatic socialism to one of bureaucratic socialism (Hoffmann, 2016). This culminated in generational change in the state leadership, as Miguel Díaz-Canel, a Communist Party cadre born after the 1959 revolution, succeeded Raúl Castro as president of Cuba in 2018. The change also included a revision of the country's institutional governance structures via the constitutional reform of 2019, which nevertheless left the Communist Party's leading role and other central tenets of Cuba's single-party system untouched.

This change "from above" has been a slow-moving, limited and contradictory process. It struggles with the constraints and contradictions of the legacy of the model developed over more than half a century. It seeks to accommodate the island within the imperatives of a global economy into which Cuba has been integrating primarily as a tourist destination, via migration and remittances, and by exporting medical services through government-negotiated contracts. It reacts to change "from outside": the declining support of its once-generous ally Venezuela; the rapprochement with the United States under Obama and the return of high-pitched polarisation under Trump; and the electoral defeats of left-wing governments in Latin America. And it is in an uneasy, conflictive interaction with change "from below", as Cuban society is undergoing a process of heterogenisation and re-stratification (Hansing and Hoffmann, 2016). Increased access to cell phones and the internet is eroding the state's media monopoly and driving a surge in horizontal communication, while the political narratives and legitimisation strategies of the past no longer produce the same effects as in earlier days.

The COVID-19 pandemic has brought things to a head. Epidemiologically, Cuba was remarkably successful for a long time in controlling the spread of the virus, but infection rates only began to go up in November 2020. At the same time, Cuba's biotech sector developed two anti-Covid vaccines that showed high rates of efficacy and which allow the immunisation of the population without depending on imported vaccines. In spite of the explosion of infection rates since June 2021, as the delta strain made its entry into the island, the ongoing mass vaccination campaign makes it possible to reach a "post-COVID Cuba" earlier than in other parts of Latin America. In addition to allowing the island to then market itself as a safe tourist destination, the success of the Cuban vaccine development also has the potential to turn them into a new export product and hard-currency earner.

The economic fall-out from the pandemic, however, has been devastating: the economy has shrunk by 11% in 2020, according to official data, import capac-

ity has fallen by half, and earning foreign exchange has become imperative. This is the situation in which the government on January 1<sup>st</sup> 2021 enacted a comprehensive monetary and exchange rate unification. Returning to a single national currency and a unified exchange rate is undoubtedly crucial to restoring monetary rationality to the Cuban economy. Devaluing the grossly overvalued 1:1 parity with which state companies were operating is key to stimulating exports and import substitution. But at the same time the measure threatens to unleash the inflationary pressures that have built up over years, to drive state companies into the red and to expose the hidden unemployment in the state sector. Fearing the social and economic consequences, the measure had been postponed time and again until a hoped-for better moment. Now, the Cuban government has been forced to take this step in the most adverse of circumstances.

In post-COVID Cuba, it seems, the time for slow-moving gradualism has run out. The list of pressing problems is long and contradictory. The dire economic situation requires effective social protection measures, while state finances are at a new low. The switch to targeted social assistance schemes rather than the across-the-board subsidies of the ration card system seems as inevitable economically as it is difficult politically. Price caps to control inflation are at odds with market incentives for producers. As the eruption of street protests in places across the island on 11 July 2021 showed, people will not remain patient forever. Citizens not only demand more food on the table, but also new ways of doing politics.

The challenges of economic reform and social policy, of effective governance and credible citizen participation all are on Cuba's public agenda simultaneously. They have been there for many years now, but the implementation of meaningful responses has been slow, piece-meal, or missing altogether. Too much time has been lost and we are seeing the consequences.

This volume brings together analyses of a broad range of the issues at stake written by expert scholars from different disciplines taking diverse approaches, both experienced researchers and young upcoming scholars, both from the island and from outside. It is organised into three parts. The first centres on social policies.

The distinctiveness of Cuba's social policies is the starting point for Laurence Whitehead, Senior Research Fellow at Nuffield College, University of Oxford, and Research Associate at the GIGA, Hamburg. These policies form an integral package that has developed over many decades. Addressing the governance challenges in Cuba's contemporary social policy system, he argues that the United Nations' Sustainable Development Goals for 2030 provide a useful external yardstick that is a good fit with Havana's plans. However, substantial further governance innovations would be required to bring the two together. He concludes

that the Díaz-Canel administration needs an attractive and unifying project, and that a reinvigorated social policy agenda could provide the best opportunity for this.

Betsy Anaya Cruz and Anicia García Álvarez from the University of Havana underscore that social services have always been a priority of the revolution's socio-economic project. However, the country's economic situation has been creating tensions that call into question the sustainability of these services. On this basis they take stock of the achievements and challenges Cuba's public administration is facing in the definition and construction of a new model of economic and social development.

Blandine Destremau from the French National Centre for Scientific Research (CNRS) tackles a crucial issue in today's Cuba: the provision of care for the elderly. Thanks in no small part to its extraordinary healthcare system, Cuba has one of the world's oldest populations. Based on an ethnographic survey her chapter shows that the moral ideal of taking care of the elderly in the family home is at odds with ongoing social transformation processes. Developing a sustainable geriatric care regime thus constitutes a major challenge on Cuba's social policy reform agenda.

Another key field of social welfare is housing. Mireia Carrasco Ferri and María Jiménez Campos, architects from the Polytechnic University of Madrid and the University of Sevilla, respectively, focus on the case of habitat management in Old Havana. They propose housing cooperatives as an urban resilience mechanism for promoting comprehensive rehabilitation and sustainable tourism while protecting architectural heritage and improving the living conditions of the residents.

In the post-COVID context, access to food has probably become Cuba's most pressing social welfare issue of all. Anicia García Álvarez and Betsy Anaya Cruz analyse the concepts of food and nutritional security and present an overview of the current situation and its challenges in Cuba. They also make proposals on what can be done to alleviate the tensions. These include reassessing the concept of universal subsidies on products distributed through rationing.

The second part of the book continues the study of Cuba's current socio-economic challenges with a focus on the institutional transformation as part of the economic reform process. The economists José Antonio Alonso from the Complutense University of Madrid and Pavel Vidal from the Pontificia Universidad Javeriana in Cali, Colombia, explore the determinant factors at play in the process of institutional change in Cuba. They see a conflict between the rigidity of formal institutions and the fluidity of informal institutions and, based on a political economy analysis, they identify which sectors tend to favour and which resist reform initiatives.

Marcel Kunzmann, a Cuba specialist with a Political Science degree from Freie Universität Berlin, discusses the role of planning and the market in the Cuban economy, a topic of constant debate and policy change since the 1959 revolution. Using the analytical concepts pioneered by János Kornai, this chapter sets the current reform process in the larger context of the economic history of Cuban socialism. He then analyses both the emergent private sector and state-owned enterprises to ask whether Cuba is moving towards a coherent model of market socialism.

Louis Thiemann, PhD researcher in Development Studies, and Claudia Mare, PhD in Cultural Studies, examine this process from a bottom-up perspective. Applying the concepts of multiple economies, infra-politics and subalternity to the Cuban case, they highlight the links and tensions between the formal, state-led economy and the popular economy of households in which informal markets, social relations and family ties play important roles. By using James Scott's concept of 'everyday resistance', they conceptualise this as an ongoing transition from below. The authors conclude that any new social contract in Cuba should reconcile the formal economic process led by state firms and agencies with the motives, mechanisms and legitimacy of the popular economy.

The chapter by Ruxandra Ana from the University of Warsaw also puts forward a grassroots perspective on the Cuban economy, as she undertakes an ethnographic case study of emerging work practices and associated attitudes in the private Havana dance schools that capitalise on the island's cultural heritage through their work with foreign tourists. A key focus in her study are the tensions between different notions of "professionalism". For the private entrepreneurs, international visibility, competitiveness and personal branding are important markers of what it means to be professional, but at the same time dancers turn to formal training in state-run educational institutions to underscore their professionalism, showing that the line between the state and private is not as clear-cut as is often assumed.

Part two concludes with a study by Rosa María Voghon Hernández, an independent researcher with a doctorate in Sociology from the University of Havana. She draws on the Latin American tradition of critical development thinking to analyse the increasing social inequalities associated with the economic reform process in Cuba. The impact of the COVID19 pandemic makes it all the more imperative to follow an economic model which safeguards effective social protection. At a time of great economic uncertainty and generational change in the political institutions, preserving Cuba's social fabric should be the basis on which the island's future socio-political prospects are built.

The book's third part then turns to institutional reform at the highest national level: specifically, the 2019 reform of the Cuban constitution and its im-

plications. José Chofre-Sirvent, Professor of Constitutional Law at the University of Alicante, explores the function of the new constitution in the context of the ongoing general judicial reform process and the restructuring of the central state institutions. He highlights the separation of roles within the new institutional design, with a president of the republic who is independent of the Council of State and the introduction of the figure of prime minister.

Carmen Antón Guardiola, who teaches Public International Law and International Relations at the University of Alicante, follows up on this analysis with a specific focus on the reception of international treaties in Cuba. The new constitution of 2019, she argues, missed the opportunity to bring internal coherence to the Cuban legal system in this area, as it contains no single procedure for receiving international treaties in the Cuban legal order. It is now left to ordinary legislation to clarify this procedure.

Yanina Welp from the Albert Hirschman Centre on Democracy in Geneva focuses on the deliberative process that went along with the drafting of the reformed Constitution of 2019. Comparing this process with ten participatory experiences in other Latin American countries, she proposes a set of basic criteria to be met in order for these exercises to be deemed fair and democratic. The Cuban case, she concludes, shows that while the process of deliberation involved massive numbers of people, it fell some way short of qualifying as plural and autonomous citizen participation.

The third part, and with it this volume, concludes with a chapter by Francisco Sánchez, Associate Professor of Political Science at the University of Salamanca, which analyses the dominant coalition that sustains Cuba's current political order. He argues that three factors are crucial: the armed forces' control over the process of leadership change before, during and after the succession from Fidel to Raúl Castro, and then to Miguel Díaz-Canel; the continued centrality of the Communist Party as the crucial locus of power and coordination; and the emergence of a political-technocratic elite which remains loyal to the socialist order. The result is that the demise of Fidel Castro has not led to the breakdown of the regime, but to a transition from a system based on strong charismatic leadership to one of bureaucratic socialism.

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Originally, this book was meant to be the outcome of a conference planned to be held at the German Institute of Global and Area Studies (GIGA) in April 2020. But then the virus came along and the conference had to be cancelled. We kept the project going nevertheless, and I want to express my sincere thanks to all the authors, who never wavered in their commitment to the project, to writing



their contributions and peer reviewing their colleagues' chapters, to keeping the discussion going even if only via online means, and to meeting deadlines and revising manuscripts despite challenging personal situations. The consequences of the global COVID19 pandemic are not only part of what the book is about, but also part of the story of how it came about.

This volume originates from a major research endeavour, the Jean Monnet Network "Europe Cuba Forum", which brings together scholars from 11 academic centres, both in Europe and in Cuba. I want to extend my sincere thanks to Anna Ayuso, Marina Utgés and their team at CIDOB, the Barcelona Centre for International Affairs, who so ably coordinate this effort, and who also gave invaluable support to the publication of this book. Thanks are also due the European Union's Erasmus+ Programme for funding the project. We hope that it may inform the cooperation between the European Union and Cuba as set out in the Political Dialogue and Cooperation Agreement of December 2016.

It is a special privilege to see this volume come out simultaneously in both English and Spanish editions. Heartfelt thanks go to Tom Hardy, Anna Calvete and Montserrat Sardà for their outstanding work in translating and copy editing the contributions, and to Simone Gotthardt, Natalia Eduardo and Marcel Kunzmann for their dedicated and skilful assistance with the editorial process. Both versions are fully available as open access ebooks on the publisher's website ([www.budrich.de](http://www.budrich.de)). Special thanks go to Barbara Budrich for her enthusiasm in taking this unusual project on board, and to Franziska Deller for her friendly and efficient cooperation in the publishing process.

Berlin, July 2021

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