Cuba's History and Transformation through the Lens of the Sugar Industry Claire Priest

In recent years, the U.S. media has been reporting widely on expanding Cuban tourism and on new entrepreneurialism in Havana and other tourist centers. Cuba's tourism-related changes, however, are only one part of a larger transformation stemming from the many economic reforms initiated by Cuba's government since Raúl Castro became President in 2008. Faced with unsustainable financial conditions, the Cuban government began offering limited opportunities for self-employment in the early 1990s. But in a massive shift, after country-wide open sessions for citizens to voice their suggestions, the government introduced The Guidelines of the Economic and Social Policy of the Party and the Revolution on April 18, 2011. The Guidelines lay out a new Cuban economic model designed to preserve socialism, while substantially downsizing government employment, broadening the private sector, and transforming the economy. The Guidelines are the Cuban equivalent of Gorbachev's Perestroika, and Deng Xiaoping's "Socialism with Chinese Characteristics." An understanding of Cuba's reform process will be essential to relations between the U.S. and Cuba in the years ahead. Indeed, in contrast to U.S.-centered interpretations, the Cuban rapprochement with the U.S. likely began as part of the Castro-driven reform agenda enacted to preserve the financial sustainability of the socialist government.

This paper grows out of a research trip in June and July of 2015 which involved visiting twelve historic sugar mills (*ingenios*) in the Trinidad, Cienfuegos, and Sagua la Grande areas, talking to workers, residents, officials, and machinists, as well as an

¹ See http://www.cuba.cu/gobierno/documentos/2011/ing/l160711i.html.

interview with officials from the Ministry of Sugar in Havana.² The trip was designed with a historical eye, to study the history of sugar and slavery in Cuba's history, in part to gain a richer understanding of the historic relations between Cuba and the United States. What immediately became apparent interviewing individuals at the sugar mills was that recent economic reforms, most centrally the *Guidelines* of 2011, are changing fundamental aspects of Cuban society and are essential to understanding the path forward, and the opportunities and challenges that the country faces.

The paper has two ambitions. First, to give an overview of the history of sugar and slavery on the mills in Trinidad and Cienfuegos in order to look at Cuban/American relations from a deeper perspective than the majority of accounts, which emphasize political relations since 1959. Second, to examine profound changes in Cuban economy, society, and political structure apparent through interviewing Cubans at the sugar mills.

Why sugar? There is an old saying in Cuba, *Sin azúcar no hay país*, without sugar there is no country. The extraordinary dominance of sugar cultivation and sugar exports as an economic pillar has been a centrally defining feature of Cuban life for centuries. The great concentration on sugar exports, however, has led to Cuba's principal vulnerability in the international stage: dependence on Spain until the nineteenth century wars for Independence, on the United States until 1959, and on the Soviet Union until 1989. At the time Batista was ousted by revolution in 1959, the U.S. was purchasing over

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² The trip, from June 23, 2015 to July 6, 2015, was funded with a grant from Yale Law School's Oscar M. Reubhausen Fund. The sugar mills visited were: in Trinidad's Valle de los Ingenios: *San Isidro de los Destiladeros, Guáimaro, Iznaga*, and *FNTA*; in Cienfuegos: *Carolina, Dos Hermanos, 14th de Julio (Manuelita), Pepito Tey (Soledad), Tuinucú, Josepha*, and *Juraguá*; and in Sagua la Grande: *Quintín Banderas*. I'd like to thank my collaborator on the project, Marcus Rhinelander, and Orlando García Martínez who graciously and expertly guided us to the Cienfuegos sugar mills. Thanks also to Rebecca Scott for connecting me to Orlando Martínez. Brad Hayes generously translated and drafted emails in preparation for the trip. Manuel Casas Martinez translated several recorded interviews. Muneer Ahmad and George Priest provided helpful comments on the draft.

2.8 million tons of Cuban sugar, an amount exceeding Cuba's 2014 sugar production levels. After 1959, the USSR stepped in and greatly subsidized the Cuban economy by purchasing 100% of Cuba's sugar exports at guaranteed rates.³

If the recent Cuban economic reforms have a central origin, it is the collapse of the Soviet Union in 1989, which brought an end to its sugar purchases and subsidies, and which devastated the Cuban economy. With few allies in the world economy, Cuba entered a desperate "Special Period" where food was absent, economic production came close to ceasing, and people struggled to survive. To generate revenue, the Cuban government began promoting greater tourism and allowing some self-employment in the 1990s. However, without a primary outlet for sugar exports, on October 21, 2002, Fidel Castro announced to sugar industry workers that the government had no choice but to dramatically reduce government payrolls by shutting down unprofitable sugar mills. The subsequent closure of almost half of the operating sugar mills has had an impoverishing effect on communities throughout Cuba. Raúl Castro assumed power in 2006 and began announcing further reforms, including restructuring production systems, and introducing pay-for-performance based wages, as well as further government downsizing, leading up to the *Guidelines* in 2011 and subsequent reforms.

Notably, the *Guidelines* state that they are "guided by the principle that socialism is about equal rights and opportunities for all citizens, rather than egalitarianism." As will be described, the changes the *Guidelines* introduce, from allowing private buying and selling of property and cars, to allowing housing renovation, to advancing pay-for-

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³ The extent to which the USSR propped up Castro's revolution reached its crescendo in 1970, when it promised subsidized payments for a 10 million ton quota for sugar, an unrealistic effort by the Cuban government to gain millions by promising rapid expansion of production.

Fidel Castro Speech, October 21, 2002; http://www.cuba.cu/gobierno/discursos/2002/ing/f211002i.html *Guidelines* at p. 9.

performance compensation in state-run industries, to leasing idle land for food production, are having a profound impact. As described by Elvis Zuniga Merino, 46, who is director of a museum of sugar production to be built on the grounds of *FNTA*, a sugar factory in Trinidad's *Valle de los Ingenios* (Valley of the Sugar Mills), "The *Guidelines*, like I say, are like our Bible for us Cubans. It's the Bible . . . for me and for all Cubans."

It is as true today as ever before that the sugar industry and its long history is at the heart of the radical changes taking place in the Cuban economy and political structure. In an interview on July 7, 2015, officials in the Ministry of Sugar discussed government targets to triple sugar production by 2020, bringing it back to the center of the Cuban economy. To achieve this goal, the government is seeking foreign investment in the Cuban sugar industry to provide financing and equipment for desperately needed upgrades. Whether foreign investors will accept Cuban government control of the industry is an open question. Moreover, the futures of the tens of thousands of sugar workers laid off after the mill closures in 2002 highlights a broader issue for Cuba: has the government provided enough opportunity for self-employment as it downsizes its payrolls? Moreover, the stated objective of the *Guidelines* is to preserve socialism. Will the government be able to contain its reforms to this objective? Or will the property rights and decentralization permitted in the *Guidelines* unwittingly lead to a movement for greater democracy and political freedom?

Part I provides a history of the sugar mills in the Trinidad and Cienfuegos areas before Part II examines current changes visible on the mills today.

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⁶ Elvis Merino Interview, June 30, 2015, recordings on file with author.

I. SUGAR AND THE HISTORY OF TRINIDAD AND CIENFUEGOS

A. Trinidad and the Valle de los Ingenios

Trinidad was the first great city of the Cuban sugar industry, and is Cuba's best preserved colonial town. Sugar production started in Cuba in the late sixteenth century, yet it operated at a small scale in relation to the rapidly expanding markets in neighboring Jamaica and Saint-Domingue (now Haiti). Sugar production received a major boost when the British occupied the port of Havana in the summer of 1762 and brought in an estimated 4,000-10,000 slaves before ceding the port back to Spain in the Treaty of Paris in February 1763.

The great expansion of Cuban sugar and slavery came later, however, coinciding with the Haitian Revolution of 1791-1804. The Revolution, led by former slaves, brought about an abrupt deterioration of sugar production in Saint-Domingue, creating a window of opportunity for Cuban planters in the vacuum left by a major competitive Caribbean market. Within years, Spanish and French merchants began importing large number of slaves to Trinidad, leading to the founding of many sugar plantations, with vast acres of sugar cane put under cultivation. As the historian Ada Ferrer has recently examined in her 2014 book, *Freedom's Mirror*, Cuba's close proximity to Haiti, the first sovereign nation governed by emancipated slaves, led to a complex culture of rebellion and repression in Cuban plantation and urban society.⁸

Conditions for the slaves on the sugar plantations were terrible. In 1789, the Spanish crown attempted to make slavery more humane by decree. The *Código Negro Español* intended to impose limitations on torture and work hours and minimum

⁷ Franklin W. Knight, Slave Society in Cuba during the nineteenth century 4-7 (1970); Allan J. Kuethe, Cuba, 1753-1815: Crown, Military, and Society 65-74 (1986).

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⁸Ada Ferrer, Freedom's Mirror: Cuba and Haiti in the Age of Revolution 42-43(2014).

requirements for food and clothing.⁹ The Cuban planters objected, stating that a twenty-hour workday for slaves was essential during sugar production season, as was full freedom to whip and punish slaves. Slavery during sugar harvests was notoriously brutal, with slaves often surviving on three hours of sleep per night.¹⁰

At the same time, the profitability of sugar production with slave labor led to great fortunes in town. The historic center of Trinidad speaks to the wealth accumulated centuries ago, its cobblestone streets filled with grand homes, churches, and beautiful plazas. Today, in Palacio Brunet, built in 1812 by the Borrell family from Spain, one finds French china, chandeliers, and paintings, English porcelain, German and American furniture and silverware, Italian marble, and Spanish tiles, a representative collection from houses in town. On the sugar plantations themselves, imposing manor houses closely overlooked the sugar production process, with striking stone towers serving as observation decks to monitor the slaves working in cane fields for miles around, and with massive bells ringing to mark the beginning and the end of the work day. The most prominent of these is the 149 foot tower at *Iznaga*, built in 1816, which is still a major Trinidad tourist attraction.

By 1827, Trinidad and the surrounding area had fifty-six sugar mills in operation. In the subsequent years, the merchant planters of Trinidad began investing their wealth in new plantations to the west, primarily in the Cienfuegos area. The plantations were bigger, with larger acreage under production, and equipped with steam power, railroads to carry the sugar cane to the mill and the sugar to port, and with American and other

⁹ KNIGHT, at 124-26; EDWIN F. ATKINS, SIXTY YEARS IN CUBA 93 (1926) (in his memoirs about the 1880s, Atkins notes that black workers worked eighteen hours a day during the sugar grinding season. According to Atkins, "They used to sing at their work, perhaps to keep themselves awake.") ¹⁰ *Id.*

foreign machinists on hand to teach locals how to operate and repair the higher tech equipment.

As Trinidad declined as a center of sugar production, it remained as a unique, historic town and port, isolated from the rest of Cuba. Remarkably, no road connected Trinidad to nearby Cienfuegos until 1942. Its location at the foothills of the Escambray mountains, which served as the base for a U.S.-funded counter-insurgency war from 1959-1963 against the Revolutionary government, put Trinidad at the center of the post-Revolutionary conflict. In subsequent decades, Trinidad remained a tourist attraction but was by all accounts a sleepy town.

B. Cienfuegos and the Slave Trade

The sugar factories of Cienfuegos, founded in the 1820s and 1830s, are equally historically and archaeologically interesting as those near Trinidad. Unlike Trinidad, the older nineteenth century buildings and equipment sit side-by-side with more modern facilities that operated on a far larger scale, with more advanced technology, steam power, and railroads. The residential districts of Cienfuegos have an entirely different appearance from Trinidad. As sugar profits increased, plantation owners built their residences far away in Havana. As is evident from the streets of Cienfuegos today, the palaces and manor houses of Trinidad are absent and give way to the "Warehousehouses" in Cienfuegos: large, grand apartments built for merchants and sea captains on top of massive warehouses in walking distance to port. The Warehouse-house design is credited to Tomás Terry, a self-made merchant and trader from modest roots who became one of Cienfuegos's wealthiest residents.

Tomás Terry made his first profits by purchasing slaves sick from the passage from Africa at a low price, healing them, and selling them for a higher price months later. Terry's importance in Cienfuegos serves as a symbol of how ineffective the international abolition of the slave trade was in stopping the importation of African slaves to Cuba. Britain abolished the slave trade in 1807. The United States Congress banned the trade on January 1, 1808, the first day permitted under the 1787 Constitution. Notably for Cuba, Spain agreed to end the slave trade in 1818 in a treaty with Britain. After 1818, all slave importation into Cuba was done on an illegal basis. Britain invested considerable funds in policing slave trade bans and in trying and punishing slave smugglers. Yet, by Cuba's formal emancipation of slaves in 1886, an estimated 780,000 slaves had been imported into Cuba from Africa, more than twice as many slaves as had been imported from Africa to the continental United States. 12

In Cienfuegos and other Cuban sugar producing areas, Terry and others mastered clandestine techniques such as creating paperwork for each slave on board to give the appearance that they were already Spanish subjects, and smuggling new arrivals through swamps and up rivers at night. In 1849, Terry built and ran an illicit slave camp in the town of *Juraguá*, the remaining structures of which currently serve as housing. Terry is also infamous for using his camp at *Juraguá* to selectively breed slaves for the market. He later used his wealth to become a major Cienfuegos financier for sugar production. In his honor, his family used his accumulated wealth to build the Tomás Terry Theater, the

 $^{^{11}}$ See Jenny S. Martinez, The Slave Trade and the Origins of International Human Rights Law (2012)

¹² LAIRD W. BERGAD, THE COMPARATIVE HISTORIES OF SLAVERY IN BRAZIL, CUBA, AND THE UNITED STATES 97 (2007); LAIRD W. BERGARD, FE IGLESIAS GARCÍA, MARÍA DEL CARMEN BARCIA, THE CUBAN SLAVE MARKET, 1790-1880, at 39 (1995).

most prominent landmark in modern Cienfuegos. Terry himself died in Paris in 1886 with a great fortune.

The most famous Cuban/New Haven event of this time was *La Amistad*, a ship filled with 53 Mende Africans kidnapped in Sierra Leone to be sold into slavery in Cuba. They landed in Havana in 1839 and were headed to a sugar plantation near a smaller Cuban port when they rebelled and told the surviving seamen to bring them back to Africa. Instead, the seamen navigated their way over 63 days to Long Island Sound. The Mende were brought to New Haven pending the legal determination of their status. The U.S. Supreme Court held them free in 1841.

Throughout the era of illegal Cuban slave imports, a common perception was that the principal beneficiaries were the local Spanish officials and customs officers who demanded bribes for allowing illegal entry. ¹³ It is a part of Cuba's history that for most of the nineteenth century, the governing power, the Spanish imperial office, was universally perceived as ineffective at best and thoroughly corrupt. The growing profits from sugar production, and the weakness and corruption of the Spanish colonial authorities, made Cuba an increasingly attractive target for annexation by empire-promoting factions in the U.S. and Britain.

Cuba's position near mouth of the Mississippi River, a major economic hub, made Cuba a focal point of U.S. foreign expansionist policy from the 1820s onward. As the Spanish empire weakened, Britain emerged as a possible rival. The Monroe Doctrine of 1823 recognized Spanish rule of Cuba, but announced that the U.S. policy would be to actively oppose the transfer of Cuba from Spain to any other European power. Going

Orlando Martínez Interviews, June 26-July 2, 2015, recordings on file with author; KNIGHT, at 29.
 See Walter Johnson, River of Dark Dreams: Slavery and Empire in the Cotton Kingdom 303-29 (2013); David Brion Davis, The Problem of Slavery in the Age of Emancipation 325-28 (2014).

beyond the Monroe Doctrine, in 1823, Secretary of State John Quincy Adams referred in writing to Cuba and Puerto Rico as "natural appendages to the North American continent" and to Cuba as "an object of transcendent importance to the political and commercial interests of our Union" such that "annexation of Cuba to our federal republic will be indispensable to the continuance and integrity of the Union itself." He then famously applied the metaphor that like a ripe apple fallen from the tree, Cuba might be severed from Spain and "can gravitate only towards the North American Union." In the following decades, however, the various Presidents of the United States formally maintained peaceful relations with Spain while at times discussing the possibility of lawfully purchasing the colony from Spain (\$100 million was suggested by Secretary of State James Buchanan in 1848). ¹⁶

A pro-slavery movement to annex Cuba gained support and, in the late 1840s and 1850s, groups of, as the historian Walter Johnson describes, "American merchant capitalists, slaveholders, and frustrated Cuban expatriates" plotted invasion of Cuba by filibuster (private parties engaging in unauthorized warfare). The most prominent leader, Narcisco López, made five attempts to takeover Cuba, including invading the harbor at Cárdenas with 600 men, before being executed by the Spanish in 1851. ¹⁷ In 1854, a group of Southern, proslavery, U.S. diplomats drafted the *Ostend Manifesto*, which proposed an acceleration in policy whereby if Spain did not agree to sell Cuba to the U.S., the U.S. should acquire it by force. The *Ostend Manifesto* created a backlash in Northern states and never took effect, but was popular in the South. Within a decade, Lincoln's Emancipation Proclamation to free U.S. slaves in 1863, and the surrender of

¹⁵Writings of John Quincy Adams, (Worthington Chauncey Ford, ed., 1917) vol. 7, 369-421.

¹⁶ JOHNSON, at 322.

¹⁷ JOHNSON, at 323.

the Confederate Army in 1865, meant that the U.S. would no longer annex Cuba to expand the reach of its slavery-based economy. Yet, during the 1860s, the U.S. became increasingly dominant as a market for Cuban sugar exports and economic ties between the two countries increased significantly.

C. The Cuban Wars for Independence and Emancipation

The Cuban wars for liberation from Spain included the Ten Years War (1868-1878), the Little War (1879-1880), and the Cuban War of Independence (1895-98), the last of which included the Spanish-American War. As war engulfed the country in the Ten Years War, the rebels promised emancipation from slavery to bolster troops. As described in Rebecca J. Scott's *Slave Emancipation in Cuba*, the Spanish government found itself in a complex position. To achieve its primary goal of remaining sovereign over Cuba, it needed to placate the dominant sugar producers who depended on slave labor. However, Spain faced a growing insurgency that emphasized emancipation as a goal of the anti-colonial movement.¹⁸

Thus, early in the Ten Years War, the Spanish legislature enacted the Moret Act of 1870, according to which all children were born free, as well as any slave reaching the age of 60. The Moret Act also banned whipping, which was a central feature of coercive slave labor. ¹⁹ Enforcement of the Moret Act was uneven, but its symbolism was important. More dramatically, in 1880, Spain enacted a law providing for slavery to be phased out between 1885-1888 with a requirement that each owner liberate one fourth of his slaves (now called "patrocinados" or "apprentices") in each year. Crucially, the 1880

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¹⁸ REBECCA J. SCOTT, SLAVE EMANCIPATION IN CUBA: THE TRANSITION TO FREE LABOR, 1860-1899, at 283-85 (1985). As a consequence, in contrast to the U.S., as Rebecca Scott describes, "[e]mancipation in Cuba was prolonged, ambiguous, and complex, unfolding over an eighteen-year period through a series of legal, social and economic transformations." *Id.* at *Preface*.

¹⁹ *Id.* at 64-65.

law expanded the rights of the *patrocinados* to purchase their freedom. ²⁰ Cuba had long recognized the right of self-purchase of slaves, or *coartación*. As Scott describes, before 1880, few plantation slaves were able to achieve their freedom in this manner. The 1880 law, however, required that owners pay *patrocinados* a monthly stipend and set the price for self-purchase. Scott found that the rates of self-purchase were high in 1885 and 1886, even as the date of abolition of slavery (at no cost) approached. The performative act of self-purchase and the clarity of status that resulted were central to the experience of emancipation in Cuba. ²¹ Perhaps unexpectedly, the Spanish government issued a royal decree on October 7, 1886 abruptly ending the *patronato* system and thereby formally abolishing slavery in Cuba. ²²

Fourteen years later, in 1895, the Cuban War of Independence rooted its anti-colonial ideology more profoundly on the idea of a Cuban identity that transcended racial divisions. In 1895, José Martí wrote the Manifesto of Montecristi, a declaration stating the reasons for seeking Cuban independence from Spain, and a rejection of the U.S. as a alternate colonial power. The document emphasizes the desire for equal rights for blacks and whites and was signed by Martí and General Máximo Gómez. In the War, troops were integrated and José Antonio Maceo and other black generals were central leaders and war heroes. A lasting Cuban identity emerged that, far more than in the U.S., rejected former racial divisions, while remaining committed to sugar production. ²³

By the end of the war, however, the U.S. intervention quashed Martí's vision of an entirely independent Cuba. The U.S. military occupied Cuba in 1898. The 1901 Platt

²⁰ *Id.* at 128-29.

²¹ *Id.* at 141-71. *See also* Alejandro de la Fuente, *Slaves and the Creation of Legal Rights in Cuba: Coartación and Papel*, 87 HISPANIC AM. HIST. REV. 4 (2007).

²² SCOTT, at 196.

²³ See, for example, ADA FERRER, INSURGENT CUBA: RACE, NATION, AND REVOLUTION, 1868-1898 (1999).

Amendment laid out conditions of the U.S. withdrawal, which reserved for the U.S. a dominant role in Cuba including the expansive right to intervene in Cuba to maintain "a government adequate for the for the protection of life, property, individual liberty." A second U.S. occupation of Cuba took place in from 1906 to 1909.

D. American Dominance in the Cuban Sugar Industry

The Cuban sugar industry was devastated by the War. Major producing areas like Havana and Matanzas in 1899 were cultivating less than fifty percent of the land that they had in 1894.²⁴ A new mortgage law had led to large-scale lending by the U.S. The historian Louis Pérez notes that Cuban rural mortgage debts of \$107 million after the war, rested on land valued at \$185 million. Mortgages went unpaid and many U.S. citizens acquired Cuban sugar plantations by foreclosure, in addition to purchases on the market. In many respects, the U.S. supplanted Spain as a colonial power. Moreover, North America became entrenched as the major export market for Cuban sugar: while in 1875, the U.S. imported 65% of Cuban sugar exports, the share had increased to 80% of Cuban sugar exports by 1880.²⁵

One of the U.S. citizens symbolizing the era is Edwin Atkins, who through foreclosure acquired *Soledad*, a large sugar producing estate outside of Cienfuegos. As his memoirs *Sixty Years in Cuba* documents, Atkins arrived just as slaves were being emancipated, and survived the War for Independence by hiring 140 armed and mounted private guards. Atkins and other U.S. sugar producers became an elite ruling class in Cuba. At the same time, Atkins was known for expanding social services and housing

²⁴ See Louis A. Pérez, Insurrection, Intervention, and the Transformation of Land Tenure Systems in Cuba, 1895-1902, 65 HISPANIC AM. HIST. REV. 229 (1985).

²⁵ SCOTT, at 84, 206 (1985); MANUEL MORENO FRAGINALS, EL INGENIO: COMPLEJO ECONÓMICO SOCIAL CUBANO DEL AZÚCAR (1978), vol. 3, 36-37. 77.

²⁶ EDWIN F. ATKINS, SIXTY YEARS IN CUBA (1926).

for sugar workers at *Soledad*. In 1899, Atkins began experimenting with sugar cane breeding in collaboration with professors at Harvard. Through his large land grants, Harvard University founded the Atkins Institution of the Arnold Aboretum in 1932, a major Caribbean botanical garden.²⁷

The strong American presence in Cuba continued until the 1959 Revolution. It is beyond the scope of this paper to describe the twentieth century history of Cuban-U.S. relations. Awareness of the countries' close ties throughout the nineteenth century, the shared history of slavery and emancipation, the fact that Cuba was for centuries a target of expansionist movements, and the combined efforts in the modern development of the sugar industry are important to discussions of Cuban-U.S. relations today.

The next Part revisits the Trinidad and Cienfuegos sugar mills through a modern lens. It first describes Cuba's recent economic reforms.

II. THE EFFECT OF RECENT ECONOMIC REFORMS VISIBLE AT THE SUGAR MILLS

The Cuban economy dramatically contracted after the collapse of the Soviet Union in 1989. Castro later named this time the "Special Period," when food disappeared and economic activity stagnated. With the market for Cuba's sugar exports gone (as well as nickel), the government sought other sources of revenue. A year earlier, in 1988, Trinidad and the *Valle de los Ingenios* (Valley of the Sugar Mills) had received UNESCO designation as a heritage site, making the area a natural magnet for tourism. In the 1990s, the government opened the economy to limited forms of self-employment through tourism. It allowed licenses for some privately-owned *paladares* (in-home restaurants of

²⁷ For a history, see ARNOLD ARBORETUM, BULLETIN OF POPULAR INFORMATION, Vol. 8, Dec. 13, 1940.

up to twelve seats), and *casas particulares* (privately-rented rooms), and permitted individuals to sell home-grown food products. Locals report, however, that in the 1990s the *casas particulares* licenses were difficult to obtain and often taken away: offered as a possibility, but carefully policed and monitored as a potential political threat.

Residents of Trinidad's historic center took advantage of the increased opportunities in the private sector. Locals report that because of the difficulty obtaining licenses to renovate homes, homeowners would renovate secretly from within, only at the very last removing the exterior façade to reveal an entirely new structure built underneath. Property transfers, when they took place, often involved marriage and divorce. A property owner might marry the purchaser. After some period, the buyer and seller would get a legal divorce and the seller would give the buyer the legal title to the property in the formal divorce settlement, presumably keeping for himself or herself the cash sale price. ²⁹

Outside of the tourist areas, the Cuban economy faltered. On October 21, 2002, Fidel Castro announced that 70 sugar mills would be permanently shut down. ³⁰ Castro's speech emphasized how the centrality of sugar exports to the Cuban economy has led to a long history of vulnerability in world markets, and the significance of the loss of the Soviet Union and its guaranteed sugar purchases at inflated prices. More immediately, a reduction in the international price of sugar, rising fuel prices that increased the cost of sugar production by 40%, the effects of damaging hurricanes, and a disruption of oil supplies from Venezuela led to an emergency decision in April, 2002 to cease

 $^{^{28}}$ Trinidad Interviews, June 30, 2015, recordings on file with author.

²⁹ Trinidad Interviews, June 30, 2015, recordings on file with author.

³⁰ Fidel Castro's Speech of October 21, 2002 states that of the total 155 sugar mills, 71 would remain open, as well as 14 syrup mills, meaning that 70 would be permanently closed. http://www.cuba.cu/gobierno/discursos/2002/ing/f211002i.html.

production. According to Castro, "not a single hectare more could be sown" and the government concluded that "there was only one logical thing to do: restructure the sugar industry." ³¹ According to Castro, 71 profitable sugar mills would remain open, but 58,000-60,000 workers at other mills had been laid off. ³² It is notable, in contrast to more recent reforms, that the 2002 sugar industry layoffs were not associated with a push for self-employment. Castro reported that 33,200 of the laid-off workers were enrolled in a special education program offered as full-time employment, and 51,000 more were working while enrolled in an educational program (totaling more than he reported were laid off). ³³ In subsequent years, the government kept many former sugar workers on its payrolls.

When Raúl Castro became the leader of the government in 2006, however, he quickly initiated a major economic reform movement. In a speech at Camagüey in July 2007, Castro announced two ways in which the socialist economic structure would change in the years ahead. The first was for government salaries to be based on performance. With regard to wages, he noted that the government was "aware that . . . wages today are clearly insufficient to satisfy all needs." In a description that has become a mainstay of Cuban labor policy, he stated that wages should "ensur[e] the socialist principle that each should contribute according to their capacity and receive according to their work." He explained that increased wages would need to come from greater productivity and downsizing. According to Castro, "[A]ny increase in wages . . .

³¹ Castro's Speech of October 21, 2002, http://www.cuba.cu/gobierno/discursos/2002/ing/f211002i.html.

 $^{^{33}}$ Id

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³⁴ Raúl Castro's Speech of July 26, 2007 in Camagüey, http://www.granma.cu/granmad/2007/07/27/nacional/artic01.html. ³⁵ *Id*.

can only stem from a greater and more efficient production and services offer [sic], which will increase the country's income."³⁶

The second principle was a decentralization of systems of production to increase efficiency. Castro focused on the example of milk production, which might be transported "hundreds of miles before reaching a consumer who, quite often, lived a few hundred meters from the livestock farm." ³⁷ He discussed a pilot program underway since March 2007 in six municipalities to deliver milk directly from producers to nearby ration shops (where milk is distributed under the Cuban ration card system). ³⁸ The plan required foregoing pasteurization, but Castro noted that most rural Cubans boil their milk. These two principles, pay-for-performance wages and economic decentralization, have been reinforced and deepened since 2007.

In addition, a top priority of Raúl Castro has been to encourage domestic food production to allow individuals to supplement their incomes and to reverse Cuba's position as a net importer of food. In July of 2008, Raúl Castro announced Legislative Decree no. 259, which allowed the distribution of idle state-owned land in plots of, for individuals 33 acres, and for cooperatives up to 99 acres, in ten-year renewable leases. Cubans had been allowed to run small family farms since the Revolution. Yet, this policy made available 4.2 million acres of government land (1.7 million hectares) for private leases.

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³⁶ *Id*.

³⁷ *Id*.

 $^{^{38}}$ Id

³⁹ See "Cuba reforms turn to state land," BBC NEWS, July 18, 2008, http://news.bbc.co.uk/2/hi/7514519.stm

⁴⁰ According to one account, within a year and a half of the decree, 54% of this land was leased to private farmers and cooperatives. *See* Collin Laverty, *Cuba's New Resolve, Economic Reform and Its Implications for U.S. Policy*, Center for Democracy in the Americas 19 (2011), http://democracyinamericas.org/pdfs/CDA_Cubas_New_Resolve.pdf; Pavel Vidal Alejandro, *Cuban*

A further government policy has been to reduce government payrolls. In September of 2010, the government announced plans to layoff 500,000 state employees, out of a total of 6,000,000, by the end of March 2011. The Cuban Workers' Central Union stated "Our state cannot and should not continue maintaining enterprises with inflated payrolls, losses that pull down our economy and make us counterproductive, generate bad habits and distort worker behavior." In contrast to Fidel's offer of educational opportunities to sugar workers losing their jobs in 2002, the Workers' Central stated that these workers' future incomes "depend[s] in large part on the private management and initiative of the individual."⁴² Yet, as reported in March of 2011, few of the layoffs had taken place due to fierce resistance by many Cubans.⁴³

It was in this context of reform and government downsizing that Raúl Castro initiated the process of creating The Guidelines of the Economic and Social Policy of the Party and the Revolution. The process leading up to the drafting of the Guidelines was itself an act of political transformation. Starting in 2010, citizens from around Cuba were invited to public sessions in neighborhoods, in universities, and at workplaces, to voice their priorities for economic reform. Raúl Castro later announced that almost nine million of Cuba's 11.3 million citizens participated in the hearings that informed the

Economic Policy under the Raúl Castro Government, Institute of Developing Economies, 2010, http://www.ide.go.jp/Japanese/Publish/Download/Report/2009/pdf/2009_408_ch2.pdf.

⁴¹ Cuban Workers' Central *quoted in* Tim Padgett, "Cuba's Big Layoffs: What to do with the Unemployed?" (September 14, 2010) TIME, http://content.time.com/time/world/article/0,8599,2019225,00.html.

^{43 &}quot;Cuba's Raúl Castro admits mass lay-offs behind schedule," (March 1, 2010) BBC NEWS LATIN AMERICA AND CARIBBEAN, "http://www.bbc.com/news/world-latin-america-12606044

Guidelines.⁴⁴ The text of the Guidelines states that the reforms are "based on the proposals made by all citizens in a democratic and participatory process."⁴⁵

Introduced on April 18, 2011, the *Guidelines* are a manifesto listing 313 economic objectives designed to fundamentally restructure the Cuban economy, and anticipating a parallel reduction and reconfiguration of state control over the economy. The *Guidelines* are clear in emphasizing the "economic system that will prevail in Cuba will continue to be based on [] socialist ownership," that "only socialism is capable of overcoming difficulties and preserving the achievements of the Revolution," and "socialist state-run enterprises . . . will be the main national economic structure."

Yet, fundamental economic transformation is anticipated in three broad senses.

First, the *Guidelines* state that "the Cuban model will also recognize and promote other modalities; namely, foreign investments, cooperatives, small farming, usufruct, franchisement, self-employment and other forms . . . that may contribute to labor efficiency." The *Guidelines* formalize Raúl Castro's objective to reduce government payrolls and to promote self-employment. The *Guidelines* state they will "[r]estructure employment and wages . . . with a view to eliminate bloated payrolls in all the economic sectors and making sure that labor occupation becomes the main source of income for the

⁴⁴ "No space for shock therapies," Raúl Castro, Central report to the VI Congress of the Communist Party of Cuba. April 16, 2011. According to Castro, "The discussions extended for three months, from December 1, 2010 to February 28 of this year, with the participation of 8,913,838 people in more than 163,000 meetings held by the different organizations in which over three million people offered their contributions." http://links.org.au/node/2281

⁴⁵Guidelines at p. 4, http://www.cuba.cu/gobierno/documentos/2011/ing/l160711i.html ⁴⁶Guidelines at p. 4. Guideline #3 states that, with regard to the private sector, "the concentration of property in the hands of any natural or legal person shall not be allowed." Guidelines at p. 11. ⁴⁷Guidelines at p. 4.

individual."⁴⁸ State-run companies posting losses "shall be subject to liquidation or converted to [a] form of non-State organization."⁴⁹

The *Guidelines* elaborate on the expansion of the private sector and self-employment opportunities available. In a radical shift from prior practice, the private sale of homes and cars are explicitly authorized. Moreover, there are a number of provisions encouraging renovation and the building of housing, including having non-state actors provide building materials for renovations. With regard to private individuals' ability to profit from tourism, guideline #262 states "[t]he provision of accommodation, food and other services by non-State actors shall continue to evolve as a tourist product that complements the State offer [sic]." Food production and reversing Cuba's position as a net importer of food remains a priority throughout the document, with the *Guidelines* stating as a goal to go beyond Decree no. 259 and "put in exploitation the existing idle land representing 50% of the total arable acreage, and increase agricultural yields." Notably, guideline #189 states that "[t]he growers will no longer be wage earners, but rather rely on their own incomes." ⁵⁴

A second major area of transformation advanced in the *Guidelines* is to dispense with economic egalitarianism. The opening paragraphs state that the economic objectives will "enhance the motivating nature of wages and incentives; and eliminate egalitarian practices in income distribution and redistribution." As mentioned above, they are "guided by the principle that socialism is about equal rights and opportunities for all

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⁴⁸Guidelines at p. 8.

⁴⁹Guidelines at p. 12.

⁵⁰Guidelines #286 (automobile sales); #292-#299 (housing) at p. 40-41.

⁵¹Guidelines #292-#299 (housing) at p. 40-41.

⁵²Guidelines at p. 38.

⁵³Guidelines at p. 7.

⁵⁴Guidelines at p. 30.

⁵⁵Guidelines at p. 8.

citizens, rather than egalitarianism," and repeat the socialist principle "from each according to his/her capacity, and to each according to his/her contribution." Thus, within state-run enterprises, payment changes are to be introduced giving human resources officials the ability to compensate on the basis of performance. The *Guidelines* state that work "must be remunerted in accordance to its quantity and quality." More specifically, guidelines #19-#20 states that companies may use after-tax profits "to create funds for development, investments and incentive payment to their workers" and that remuneration in companies and organizations "will be based on the end results of their business" ⁵⁷

A third set of reforms that has received little attention in the press, but which has profound implications for the future of Cuba are those involving the decentralization of the economic structure and the empowerment of municipalities (Municipal Administration Councils) to act locally. One of the first principles of the *Guidelines* is to "effectively promote local initiatives." Notably, guideline #21 states that companies and cooperatives shall pay to their municipalities a territorial tax, "as a contribution to local development." Importantly, guideline #37 states that municipalities should implement "a work strategy for municipal food self-reliance." Similarly, guideline #178 states that, the agricultural policy should be to "foster producer's autonomy, increase efficiency and bring about a gradual decentralization in favor of local governments." Moreover, under the *Guidelines*, local government actors are

⁵⁶Guidelines at p. 9.

⁵⁷Guidelines at p. 12.

⁵⁸Guidelines at p. 8.

⁵⁹*Guidelines*, #21 at p. 13.

⁶⁰Guidelines, #37 at p. 14.

⁶¹ *Guidelines*, #178 at p. 29.

empowered to make decisions over the allocation of funds for the municipality. In a system where profits stay in the locality where they are earned (after central government taxes are paid), it is possible to imagine that in the years ahead, the Cuban landscape will transform dramatically with areas surrounding profit-making enterprises also benefitting from greater provision of government services and infrastructure investments.

A. Trinidad and the Expansion of Tourism

The impact of the *Guidelines* is apparent at the historic sugar mills in the Trinidad, Cienfuegos, and Sagua la Grande areas. With regard to Trinidad, the process for registering as a licensed *casa particular* has been liberalized, which has opened the floodgates for local people looking to supplement their meager government salaries. In 2015, over 400 residences within the town of Trinidad offered rooms and meals to visitors for cash payments. The city, like much of Cuba, is buzzing with construction activity due to the cash influx it has experience and the municipal government's decision to channel funds to historic preservation. Residents in Trinidad's historic center can petition the government to send teams of workers renovate their façade in keeping with historic appearance of the town. The legalization of property sales is seen in "For Sale" signs on windows.

The use of divorce law, however, was still present in one case: An elderly Catholic gentleman said that he and his wife obtained a legal divorce to avoid a one-property-per-family rule. His wife inherited a residence when her parent died, and owning two homes was prohibited. Divorce allowed them to keep the second home,

which they now rent out as a *casa particular*. This is their primary income due to the low amount of their government salaries.⁶²

The new changes affect the historic sugar plantations as well. Prior to 2011, the Iznaga sugar plantation served as a major tourist attraction in the town. With greater funds at its disposal, the government is in the process of a museum-building campaign to improve the facilities at *Iznaga* and to create an expansive museum circuit out of three other historic sugar plantations: San Isidro de los Destiladeros, Guáimaro, and FNTA. At San Isidro, a team of workers was present in June 2015, renovating the old manor house. The *Guáimaro* manor house had already been renovated. Interestingly, the manor house gardens were leased in usufruct to a local family who were using it to grow food (who identified as likely descendants of slaves on the *Guáimaro* sugar plantation). FNTA, which opened in 1915, and was owned by Americans until the 1959 Revolution, is also in the process of being turned into a museum. It operated as a sugar mill until 2002, relying on two enormous Czech boilers. In 2002, one boiler was sent to Venezuela, as part of a broader deal with Venezuela, which took Cuban sugar factory equipment in exchange for oil. The other boiler remains as a photographic relic of another era, along with massive equipment from the United States and other countries. Building the museum offers employment opportunities to a handful of the former sugar workers.

Still, even in Trinidad, dramatic limits are placed on entrepreneurialism. The Trinidad government in 2015 allowed Manuel Ortega Piedra, 27, the first permit for a *paladar* (private restaurant) on the beach. After getting seven required approvals, the permit he obtained is restricted to the non-tourist season only (summertime) so as not to

⁶² Trinidad Interview, June 30, 2015, recordings on file with author.

compete with government beach restaurants during the tourist season. The severe limitation placed on the permit is an example of how local bureaucrats are likely to undercut Raúl Castro's objective of promoting self-employment and contradict the *Guidelines* principle of "from each according to his capacity, to each according to his contribution." The restaurant employed several people including chefs, bartenders, wait staff, and those hired to advertise. But its permit was limited because the government viewed the competition as threatening its ability to collect tourist revenue. The *Guidelines* has no mechanism for protecting private sector enterprises when they compete with existing state entities. Private actors are seemingly at the mercy of local bureaucrats.

B. Manuelita and Pay-For-Performance

In contrast to Trinidad, the Cienfuegos sugar mills, like most sugar mills outside of central tourist areas, face a stark division: the sugar mills that are still operating and, in fact, are bringing greater wealth to workers with new incentive structures and plans for expansion, and the Cuban towns based around sugar mills that were closed after 2002, leaving deep economic holes pervading all aspects community life.

"Never in life have we earned what we are earning now. Never in life, never in the history of the sugar mill," described Omar Balta, 71, in June 2015. Balta began working at the *Manuelita* sugar mill half a century ago. "From each according to his capacity, to each according to his contribution," he explained, quoting Raúl Castro's socialist principle. Since Castro's pay-for-performance measures were introduced, productivity at *Manuelita* has improved and incomes have risen dramatically. Juan de Toro,

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⁶³ Trinidad Interview, June 30, 2015, recordings on file with author.

⁶⁴ *Manuelita* Interviews, June 26, 2015, recordings on file with author. The sugar factory is officially called *14 de Julio*, but still referred to by its 1830 Spanish name *Manuelita*.

Manuelita's young puntista (taster), proudly mentioned that during the last harvest he and others earned 800 CUCs per month, almost 25 times what many earn on government salaries. 65 A group of young workers explained enthusiastically how they met new production targets in 2014 and were hopeful of expanding production in 2015. They explained that *Manuelita* does not have the most up-to-date equipment in Cuba, which can be found on sugar mills where Brazil has provided financing to upgrade equipment. Manuelita's success is because the workers "have a feeling of belonging," they raised productivity because "they are a compact team, they are integrated" and "this is a place where you have a tradition of sugar since 1838... the persons that are from here, they have always been proud of the sugar; they will tell you proudly 'I am from Manuelita." 66 While racism is a persistent problem in Cuba, some Cubans interviewed at the *Manuelita* sugar mill expressed that they experience racial unity and that they were perplexed and intrigued by American racial problems they see on the news. A mixedrace man (with the last name of Terry) said unlike the U.S., "Aqui es natural," describing greater Cuban racial unity, even at the sugar mills, as the "natural" state of affairs. ⁶⁷

C. Soledad, Quintín Banderas, and Carolina

Far more problematic and uncertain is the future of now dormant sugar producing areas outside the circle of UNESCO-based tourism. Until 2002, some of the sugar mills still relied on droves of workers cutting cane by hand with machetes each season. The work is known to be back-breaking. Many of the unprofitable sugar factories had no hope of generating enough revenue to afford moving to mechanized combine harvesters (*combinadas*) to eliminate the machete work. Moreover, some describe chaos at the

⁶⁵ *Manuelita* Interviews, June 25, 2015, recordings on file with author.

⁶⁶ Manuelita Interviews, June 25, 2015, recordings on file with author.

⁶⁷ Manuelita Interviews, June 26, 2015, recordings on file with author. [150626_003 37:09]

factories with individuals coming and going, leading to a general lack of experience and the need for constant training. ⁶⁸

Yet, the decision to close so many factories in a short period, eliminating the jobs that involved the majority of residents in the community is still a source of regret in the affected communities today. Orlando Martínez, the President of the Union of Artists and Writers in Cienfuegos, recalled being invited to participate in a meeting to select which of the sugar factories would be closed in 2002. Instead, he challenged the decision, asking the committee "Where is the study that shows the impact of closing sugar factories on communities? . . . These are communities that have always woken to the sugar factory bell and had jobs related to producing sugar." ⁶⁹ One finds a great deal of regret and sadness within these communities. In Quintín Banderas, one woman said "We have no jobs here, no industry. . . . We hope America will save us." At *Juraguá*, many former sugar workers were reassigned to a new government endeavor of making rope out of the sisal plant, largely to tie boxes for recycling and other Cuban government purposes. The wife of a rope-making worker feared that there is no solid future in rope-making by these primitive methods.⁷¹ Near *Juraguá*, more enterprising former sugar workers worked around a fire making charcoal, for which the government pays by the kilo. Due to government promises, many former sugar workers were able to return to school for greater education, but often left the community to do so. Some former workers have not been reassigned and are being paid without having a job.

⁶⁸ Manuelita Interviews, June 25, 2015, recordings on file with author.

⁶⁹ Orlando Martínez Interviews, June 26-July 2, 2015, recordings on file with author.

⁷⁰ Quintín Banderas Interviews, July 4, 2015, recordings on file with author.

⁷¹ Juraguá Interviews, June 27, 2015, recordings on file with author.

D. Cienfuegos, Soledad and the Question of Democracy after the Guidelines

Commenting on the Guidelines and other recent reforms, Orlando Martínez,
explained "This is a historic moment because there are the greatest levels of participation
by people in government. We want to move forward to a place where ordinary people
can connect to the highest levels of government."

The story of what has happened
since December 2014 on the historic Atkins Soledad plantation, now called Pepito Tey,
illustrates how, perhaps, even in the face of declining industry, Cuban society is more
equipped to benefit of local communities because the Guidelines allow local officials
greater freedom to act and respond to local conditions.

At the Atkins estate, after the Revolution, the historic buildings were neglected. The Atkins company town was used for schools and other community buildings but fell into a complete state of disrepair. Nancy [last name unknown], now an elected representative to the Municipal Council, was interested in preserving the historic artifacts of the Atkins home, but described how government officials arrived to take away the furniture. She personally packed up Atkins's books and other belongings and hid them.

She described how the 2011 *Guidelines* has brought better democracy to Cuba. In December of 2014, Nancy made a presentation to representatives from Cuba's General Assembly to ask for funds for the benefit of the community and the restoration of the Atkins estate. In contrast to prior experience, she heard back quickly that her proposal received approval. The government brought in a new generator, painted local schools, built a new senior center, and a playground, a cafe, and added several stores. The government announced plans to return Atkins's heirlooms, and made plans to restore Atkins's home for tourism.

⁷² Orlando Martínez Interviews, June 26-July 2, 2015, recordings on file with author.

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Cubans say that since 2011, government officials are actually listening to what people say. Others note that government officials "are listening because for the first time they can actually do something about it." This is simply one anecdote but might reflect a deep change if Cuba's elected officials are responsive to community needs and able to disburse funds to build infrastructure and invest in communities.

If proceeds of local industries now stay in greater proportions within the local municipalities, Cubans are likely to experience varying provision of government services in different areas. Areas near lucrative industries will likely have better roads, schools, and housing than in areas where there is no profit making. Now that a private market for home sales is permitted, Cubans have far greater ability to change localities. In the decades ahead, there is likely to be a large migration within Cuba to more lucrative areas that can afford to build the infrastructure that will attract residents. Farmers coming from eastern Cuba already find better land to lease and better markets for their goods in the west. Cuba is on a path to change—one that will involve far greater wealth disparities by region than under centralized socialist system.

What "democracy" in Cuba will consist of going forward remains an open question. For now, Cuban democracy appears to mean elections for municipal council positions and expanded opportunities to be heard by government officials. The central government still controls the economy, the *Guidelines* state their ultimate purpose is to preserve socialism, and bureaucratic hurdles and fees weigh on self-employment and entrepreneurialism. Yet, Cuban transformation is still in progress.

⁷³ Sugar Minister Interviews, July 7, 2015, recordings on file with author.