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The Fundamental Contradiction of Cuban Socialism in the “New Era”: Economic Reintegration Preserving the Revolutionary Moment

Larry Catá Backer

Abstract: I was delighted to have been asked to deliver remarks as part of the panel organized by [Silvia Pedraza](#) (University of Michigan) for a panel on *Cuba in Comparative Analysis* organized by the Association for the Study of the Cuba Economy for the Latin American Studies Association Annual Meeting held in Boston, MA 27 May 2019.

The text of my remarks, along with the associated PowerPoint Slides, follows. What I will suggest is that the fundamental expectations of the global economic order for a organization of the economic and political life of the state are fundamentally incompatible with the emerging Cuban political and economic model. That incompatibility stands at the center of the fundamental contradiction facing the Cuban state. But it is one that is not the product of serendipity but one of a quite deliberate calculation. For Cuban policymakers, the way around the fundamental contradiction is to bifurcate the state from out of a [cordon sanitaire](#) that is constructed at the borders of the national territory. While the Cuban state, as a representative of the nation is willing to reintegrate itself in global production, projecting that participation outward. Within the national territory, however, the Cuban state has adopted a policy of strong segregation in order to preserve its ideological model from contamination by what it sees as the corrupting capitalist principles at the heart of global production. The success of this strategy has yet to be seen.



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The Fundamental Contradiction of Cuban Socialism in the “New Era”: Economic Reintegration Preserving the Revolutionary Moment

Larry Catá Backer

Remarks presented at the *Latin American Studies Association* Annual Meeting 2019

Boston, MA 27 May 2019

For the panel: *Cuba In Comparative Analysis*

Chair Silvia Pedraza (University of Michigan)

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I am very grateful to all who have taken time from their enjoyment of the Memorial Day weekend to join us on this exploration of a variety of perspectives of the challenges and opportunities facing Cuba from a comparative perspective. For today’s remarks I am interested in thinking a little about the fundamental contradiction of Cuban socialism in Cuba’s “New Era.” The reference deliberately invites the listener to consider the connections between changes in Chinese Marxist Leninism after the 19th CPC Congress and the announcement of a “New Era” ideology and with it a new fundamental contradiction and those facing Cuba simultaneously but with very different effect. While China considers a contradiction bound up with the success of its “Reform and Opening Up” policy and requiring a greater attention to a better distribution of the fruits of that productivity, Cuba faces the quite different contradiction of economic reintegration into the pathways of

contemporary global production while preserving its revolutionary moment that in many ways is fundamentally incompatible with contemporary global production.

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Focus: The Centrality of Ideology as Constraint



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How we understand (see) the world
around us and
How we give meaning to what we say
and do

How the world around us understands (sees)
us and
How it gives meaning to what we say and do

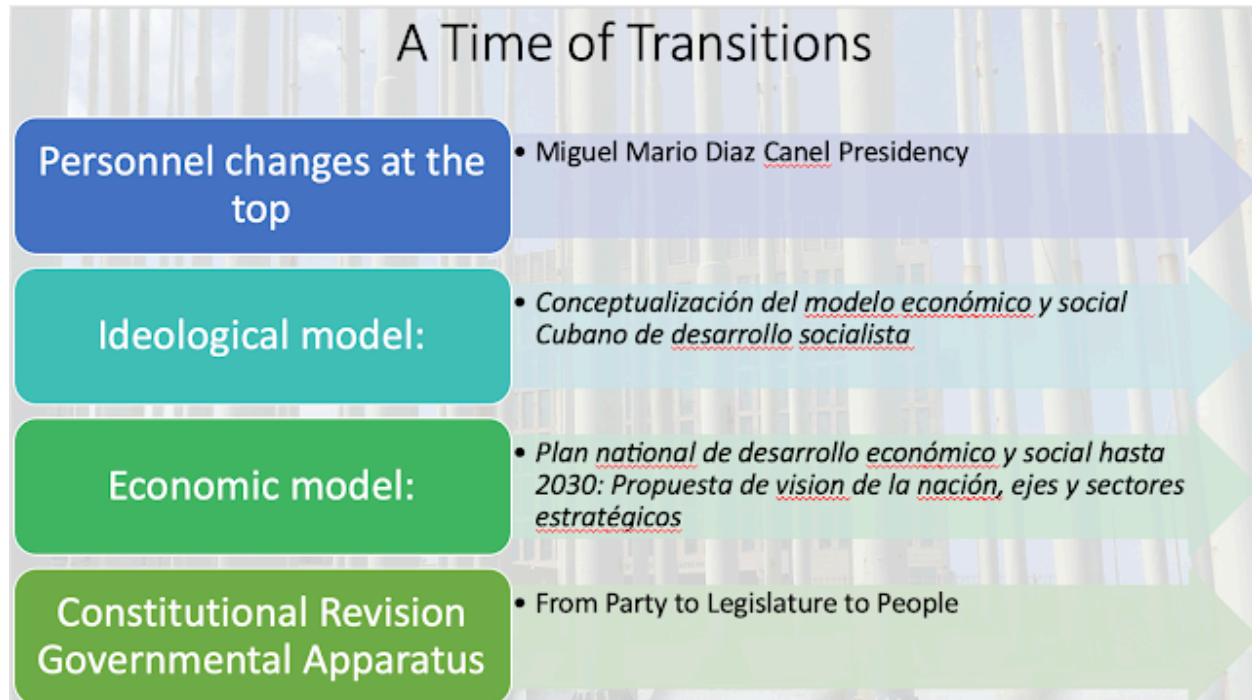
To that end, I will use my time with you to speak to *the role of ideology*. Ideology here is understood as the aggregation of premises, objectives and principles within which the Cuban vanguard constructs the reality through which it interprets the world around them and constrains the legitimate choices among which it may select consistent with its way of understanding themselves and the world around them. On other words, I will speak to how the Cuban vanguard understands (see) the world around them and how they then give meaning to what they say and do. But that ideology does not exist in a vacuum, even as it serves to construct and interpret the world around them, ideologies provide the means by which the world around Cuba understands (sees) Cuba and how it gives meaning to what Cuban say and do—and in very different ways.

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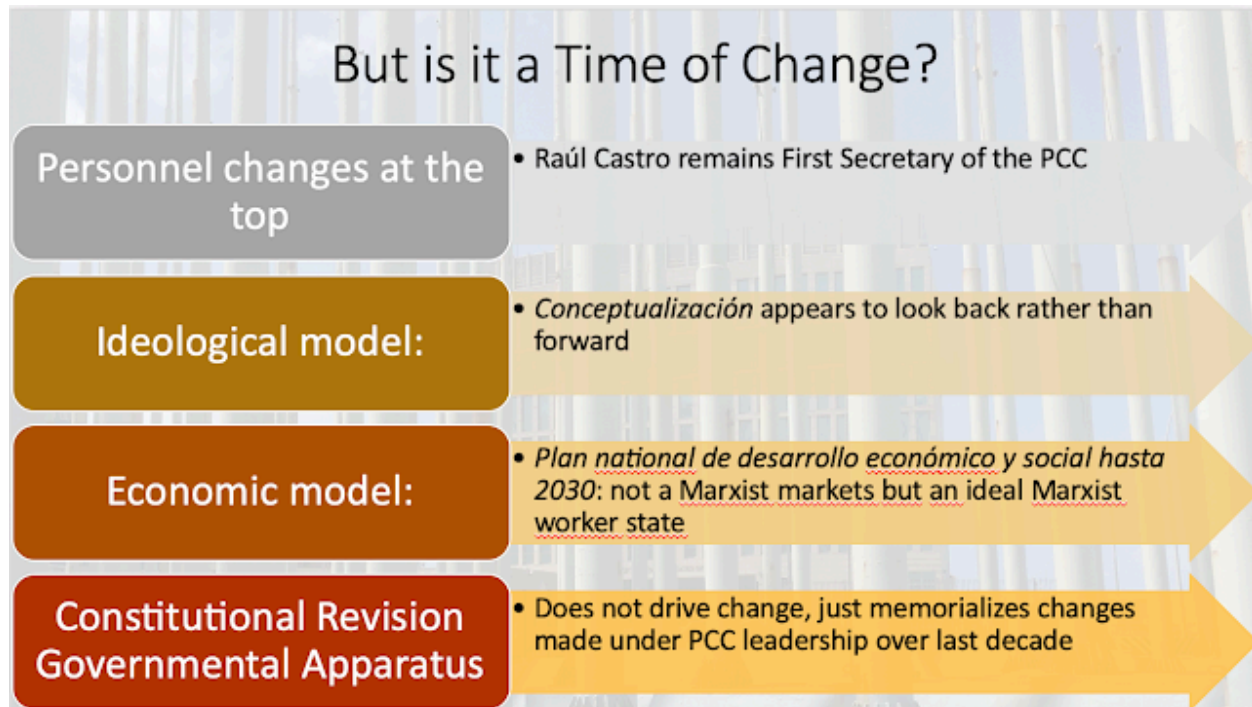
The trigger for this examination is change. Within Cuba change (and again I speak to the ideological expression of change), has accelerated since Raúl Castro’s Lineamientos project and its naturalization within Cuban fundamental ideology in the PCC 6th Party Congress. It reached its current zenith with the reconceptualization of the political economic model and the 2030 Economic plan adopted in the 7th PCC Congress in 2016 and thereafter its embedding in the process that culminated in the adoption by plebiscite of the 2019 state constitution. These changes also appeared to broaden the vanguard’s toleration of popular participation, though not without sometimes aggressively definitive policing. That policing was especially noticeable in the way that Cuba continues to police its intellectual and cultural forces. As well its efforts to tightly control formal engagement in political reform also suggests the boundaries of the structures within which change will be addressed.

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For all that, the period marked significant transitions, some already mentioned. Let me contextualize those a little more. First there were personnel changes at the top of the state and vanguard party hierarchies—but not too much change. Raúl Castro has made a point of seeking to move forward from the rapidly diminishing cohort of *históricos* to a (relatively) younger generation of new leaders. The ascent of Miguel Mario Diaz Canel to the Cuban Presidency was the much publicized poster child of that movement. The appointment of a premier this year may be another if, as suggested it may well be a woman of Afro-Cuban ancestry. Second the adoption of the *Conceptualización del modelo económico y social Cubano de desarrollo socialista* suggested an ideological forward movement. That forward movement suggested that the vanguard was willing to move away from the traditional model firmly established during the 1st PCC Congress in the mid-1970s to a model better suited to the times. Third, the 2030 Economic Plan (*Plan nacional de desarrollo económico y social hasta 2030: Propuesta de visión de la nación, ejes y sectores estratégicos*) suggested reform not just of the political but also of the economic model “as applied” to the challenges of actual practice. Lastly the process of constitutional reform suggested a move toward political reform that was distinct both from traditional liberalization and from the Chinese Communist model. Reconceptualization, constitution, 2030 Plan and Lineamientos were to varying degrees the product of a well publicized new model of endogenous socialist democratic action. That process was undertaken under the string guidance of the vanguard party but also permitted well managed interventions by both the representative assembly of popular power, and the (well organized and managed)) masses themselves.

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And yet the changes suggested by these actions actually appeared to leave the fundamental ideology—the core basis for the understanding of the world and of the range of legitimate choices within that understanding—substantially intact. First real power remained substantially undisturbed as Raúl Castro retained the position of First Secretary and his key personnel in the military remained critically tied to the historical nomenklatura. Second, the reconceptualization on close reading could be understood as a reconfirmation of the core principles of the 1st PCC Congress rather than a forward movement from that initial crystallization of the Revolutionary moment (even one that took place 15 years after the fact). The 2030 Economic Plan suggested a reaffirmation of an ideal Marxist worker state rather than pointing to a more robust embedding of the Cuban economy within global production. Global economic activity continues to be viewed as something in need of a string internal quarantine, even as at the level of the state, some of its value might be exploited for the benefit of the state. Lastly, the constitutional project and the general movement toward socialist endogenous democratic practice still enshrined the notions of affirmation under the leadership of the vanguard. Popular engagement does not drive change, just memorializes changes made under PCC leadership over last decade.

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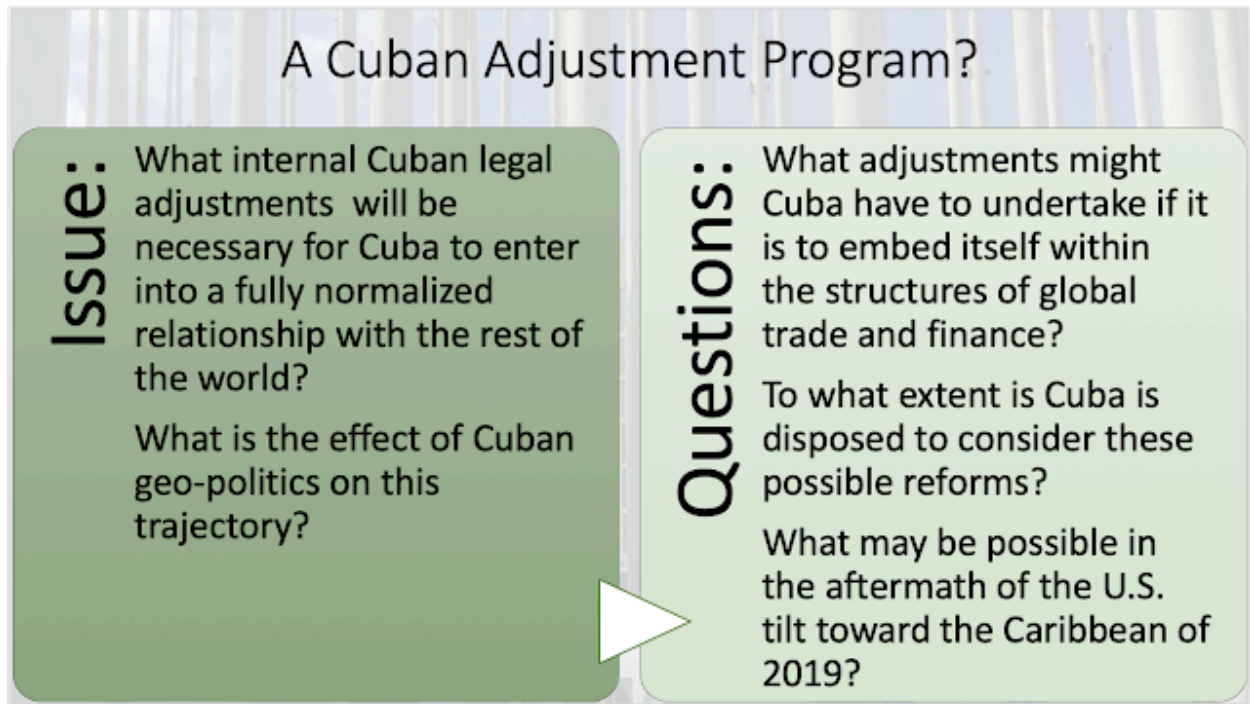
And yet the internal changes in Cuba has generated some substantial global expectations. Change has been very much in the air since the 2014 opening up between Cuba and the United States, and its sudden narrowing from 2016—and then with greater effect from the end of 2018. All of the great power actors have been involved, though to quite different effect. China looks to Cuba for its Belt and Road Initiative. Russia looks to Cuba for its Great Power politics. The European Union looks to Cuba as a model for a new sort of transition—values driven in accordance with the prominence of human rights centered governance prominent as policy within the EU for several decades now. And the Caribbean region still looks to Cuba for leadership—either positive or negative. All expect, to some extent, that Cuban influence will be dependent on Cuba's ability to re-engage with global production, on whatever terms it might be able to attain.

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Moreover, despite the tentative nature of Cuban forward movement on the front of economic reform, there has been some forward movement. The Cubans have been aggressive in pushing development in favored sectors—principally tourism, Pharma, and to some extent infrastructure projects. Cuba has been more aggressive in reaching out to CARICOM and in pushing its own form of socialist regional integration through ALBA. They continue to work at the margins of global production, cultivating Iran and more surreptitiously, North Korea. They appear to be receptive to embedding in China’s Belt and Road Initiative. They are aggressively targeting the EU for its pharma products. These efforts, in turn, have added to the expectation that Cuba is indeed more aggressively embedding itself into

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Does this suggest a new “Cuban Adjustment Program”? The reference, of course, is ironic and looks back to a different sort of adjustment program, the US program that permitted Cuban emigration to bypass the usual procedures Cuban Adjustment Act, Public Law 89-732, is a United States federal law enacted on November 2, 1966. The context just described thus frames the central issues of these remarks: First, the nature and extent of internal Cuban legal adjustments necessary for Cuba to enter into a fully normalized relationship with the rest of the world. Second, the constraints of Cuban geo-politics on the possibility of realizing is trajectory. And that, in turn, gives rise to the questions with respect to which the rest of these remarks will focus: What adjustments might Cuba have to undertake if it is to embed itself within the structures of global trade and finance? To what extent is Cuba is disposed to consider these possible reforms? What may be possible in the aftermath of the U.S. tilt toward the Caribbean of 2019?

What I will suggest is that the fundamental expectations of the global economic order for a organization of the economic and political life of the state are fundamentally incompatible with the emerging Cuban political and economic model. That incompatibility stands at the center of the fundamental contradiction facing the Cuban state. But it is one that is not the product of serendipity but one of a quite deliberate calculation. For Cuban policymakers, the way around the fundamental contradiction is to bifurcate the state from out of a [*cordon sanitaire*](#) that is constructed at the borders of the national territory. While the Cuban state, as a representative of the nation is willing to reintegrate itself in global production, projecting that participation outward. Within the national territory, however, the Cuban state has adopted a policy of strong segregation in order to preserve its ideological model from contamination by what it sees as the corrupting capitalist principles at the heart of global production. The success of this strategy has yet to be seen.

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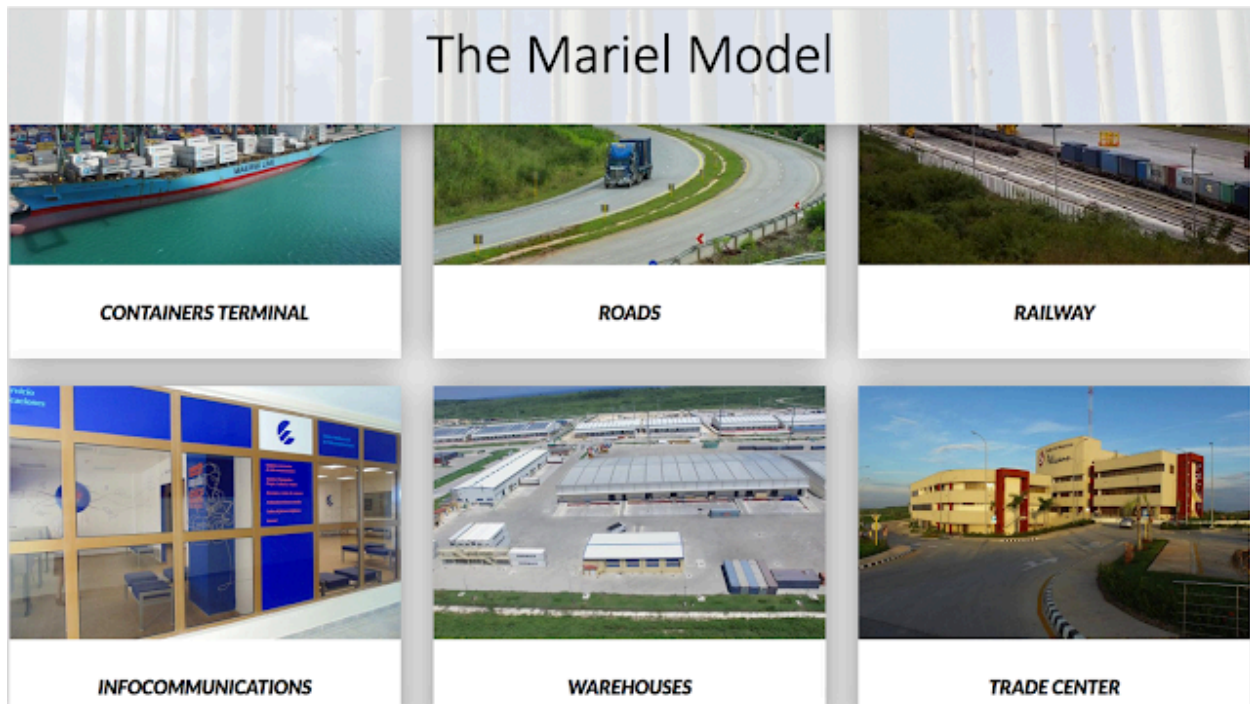
Baseline Expectations

Membership in the major multilateral actors <ul style="list-style-type: none"> • IFI's—the World Bank and International Monetary Fund, and perhaps the Inter-American Development Bank; Asian Infrastructure Investment Bank (AIIB) • Regional Associations OAS • But alternatives: ALBA; Association of Caribbean and Latin American States (CELAC)
Internal Legal Changes <ul style="list-style-type: none"> • Contract • Labor • Judicial system • Tort • Protection of foreign interest • Opening up internal economy
Conformity with international human rights norms <ul style="list-style-type: none"> • Investment partners may have have no choice
International Remedial frameworks <ul style="list-style-type: none"> • Arbitration regimes • Ramp up WTO participation

The most straightforward element of the inquiry centers on the nature of the steps necessary to attain some rough embedding in global production and finance. *The first* touches on membership in major multilateral organizations. These might certainly include the IFI's—the World Bank and International Monetary Fund, and perhaps the Inter-American Development Bank and the Asian Infrastructure Investment Bank (AIIB). But it may also require membership in regional associations, starting with the OAS with which relations remain stormy. Cuba has regional alternatives. One of them is weaker--ALBA; the other has more possibilities, the Association of Caribbean and Latin American States (CELAC). And the alphabet soup of regional organizations in which Latin America is rich provide additional possibilities. *The second* touches on a substantial number of internal changes to the Cuban domestic legal order. These include in the fields of Contract, Labor, the organization and functioning of the Judicial system, Tort, the protection of foreign interests, waivers of sovereign immunity, and most importantly with respect to the opening up of the internal economy. I some of these fields Cuba has already started work, principally with respect to contract. In other areas, the thrust of reform appears to work in the other direction—labor law, sovereign immunity, and the internal economy tend to resist integrative change. *The third* is conformity with international human rights standards—as understood and applied by major global actors. Cuba has resisted these on grounds of ideology and interpretation, but it is important to note, as I have in other work, that Cuba's investment partners may have no choice, dragging Cuba with them. *The last* touches on international remedial frameworks. Some aspects might be hard to square with Cuba's internal model: international arbitration regimes and human rights

remediation mechanisms. Others less difficult, starting with a ramping up of Cuban participation in organizations like WTO.

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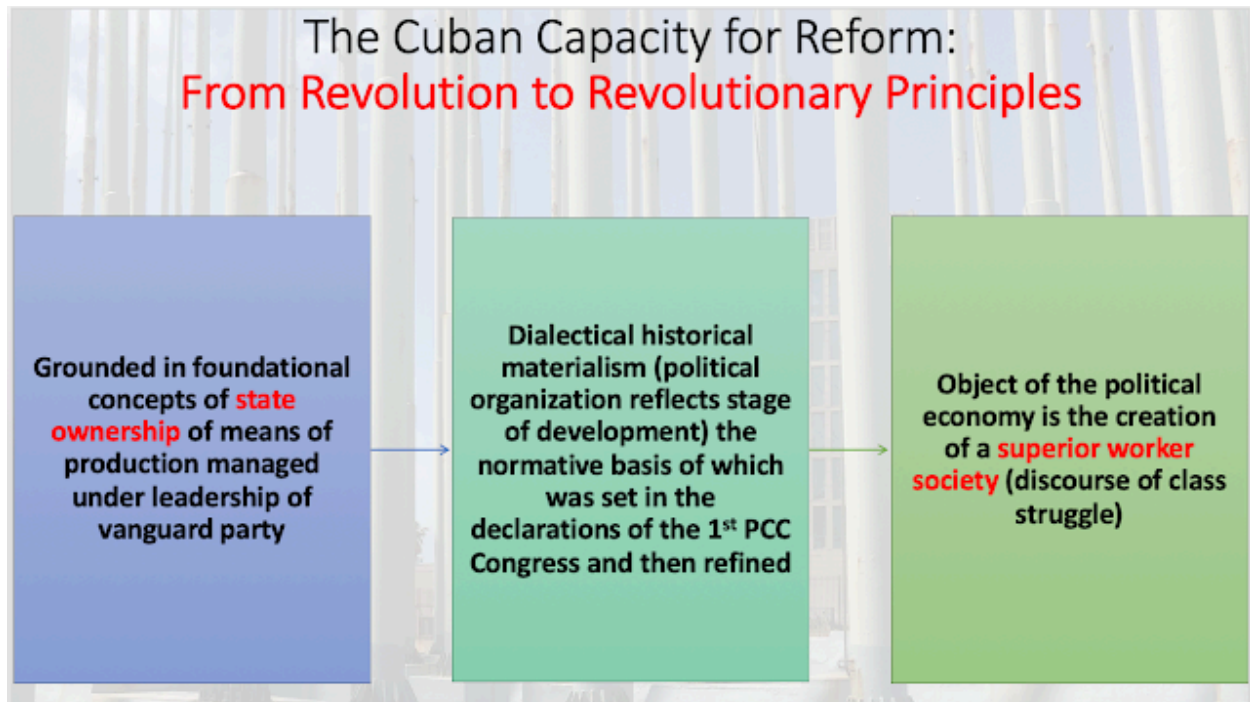
To the extent that Cuba has offered up any movement toward the realization of these embedding objectives, it has done so by partitioning its territory. One can call this the *Mariel Model*. It is a model that looks back to the efforts by developing states, and more pointedly by China a generation ago, to designate special territorial zones—separated from and policed against contaminating the internal economies of the state—within which foreigners are allowed to engage in economic activity. The Mariel Special Economic Zone carries with it its own legal regime, it provides containers terminals, roads, railways, info-communications, warehouses and trade centers. It provides, in effect, everything necessary for economic functioning with the need to penetrate the interior. There are exceptions of course—tourism and infrastructure are two that readily come to mind. But even there the state stands between its foreign partners and direct engagement with localities and individuals. The state bargains for labor, and foreign partners negotiate with domestic state entities for other goods and services.

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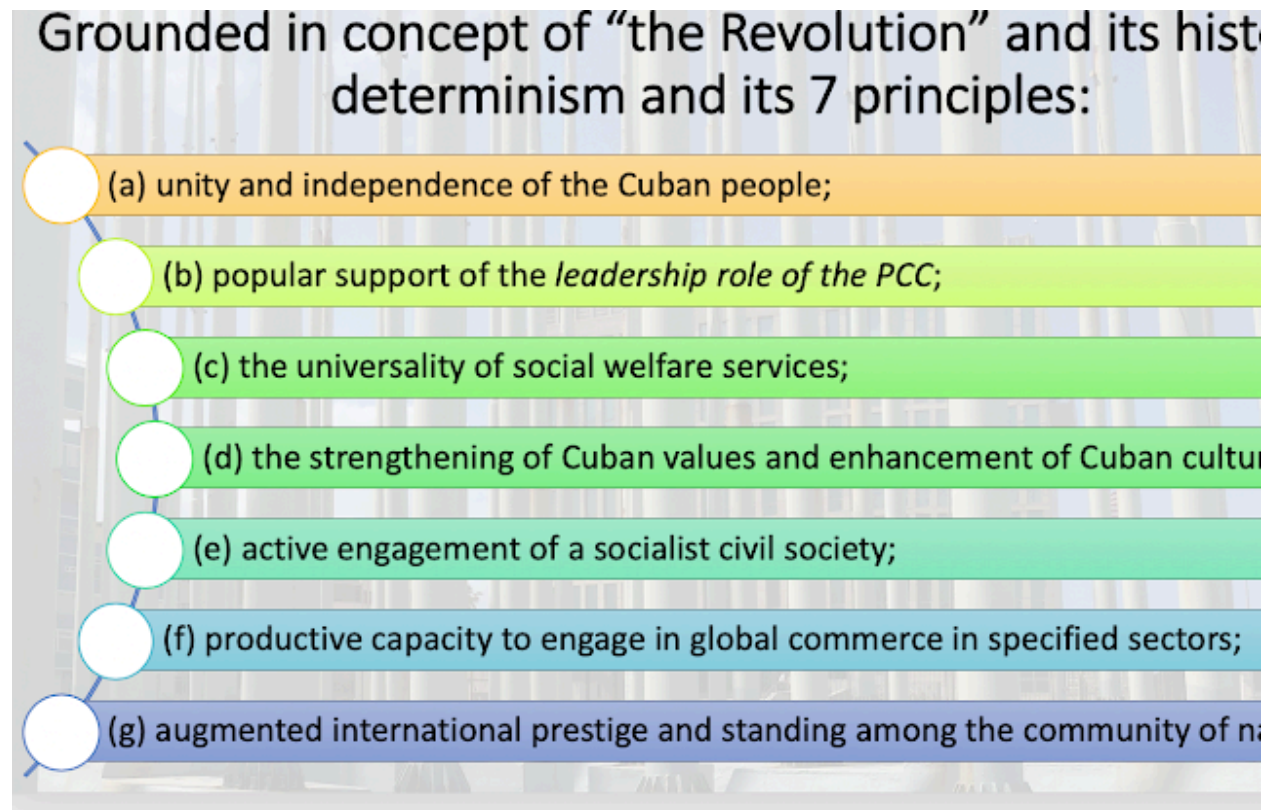


The Mariel Model, in turn, brings to the foreground the central issue—the Cuban capacity for reform. And with this foregrounding, ideology is also brought forward as the framework within which reform, and with it the impulse to effectively embed Cuba within global production, is actually possible without fundamental ideological change (which is not now forthcoming). I will consider this in several aspects. The first is the constraints in Cuban ideology as it moved from revolution to revolutionary principles. The second is the ideological constraints on operation of Party and state organization. The third is the capacity for economic reform beyond the special economic zones.

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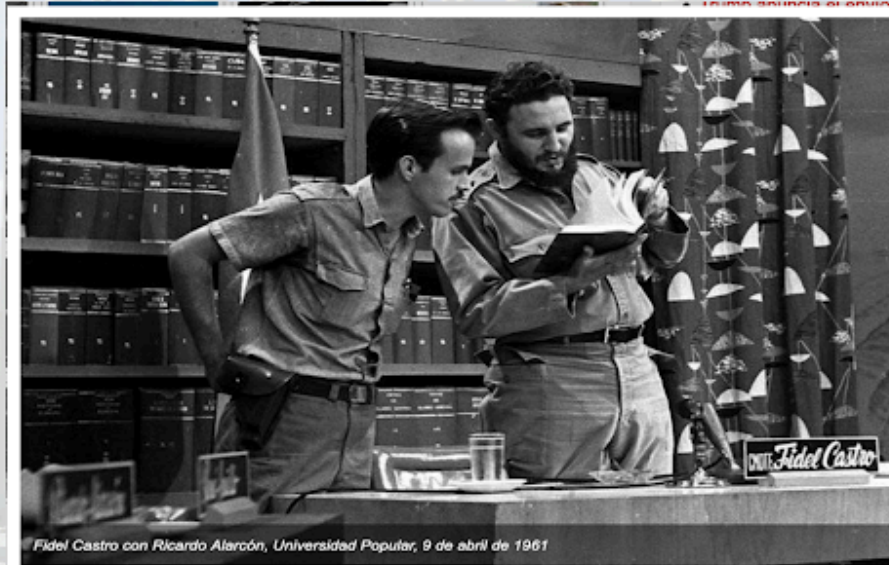


The move from revolution to revolutionary principles is grounded in foundational concepts of state ownership of means of production managed under leadership of vanguard party. *It is grounded* on the paramount value of state sovereignty whose expression is led by the vanguard party. *It is expressed* (through policy and state interaction with foreigners) dialectical historical materialism (in which political organization reflects the stage of development discerned by the vanguard) the normative basis of which was initially set in the declarations of the 1st PCC Congress and then refined. *And it has as its object* the political economy is the creation of a superior worker society (discourse of class struggle). In this important respect, it rejects Chinese Marxist-Leninist characterizations of fundamental contradiction in the distribution of societal benefits or in the need to develop productive forces. And it rejects as well the plausibility of a markets driven bottom up organization of political life.



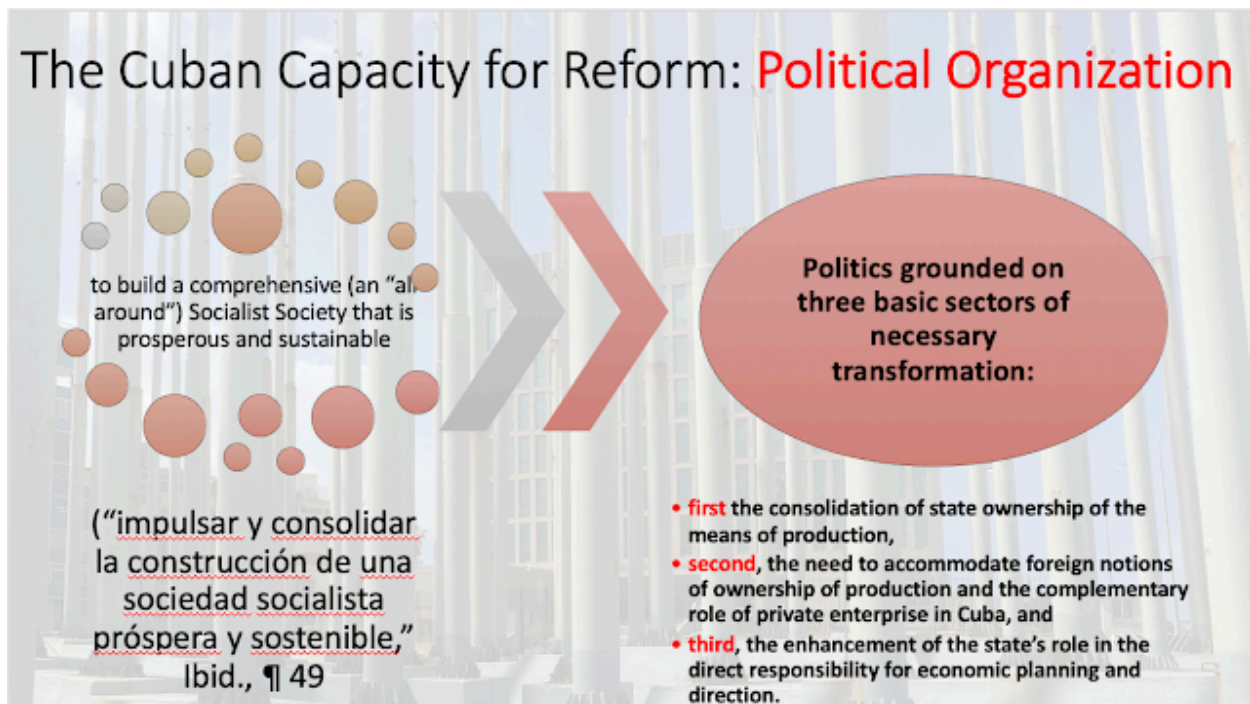
These fundamental ordering principles are then expressed in the in concept of “the Revolution” and its historical determinism embedded in its *7 core principles*: (a) unity and independence of the Cuban people; (b) popular support of the leadership role of the PCC; (c) the universality of social welfare services; d) the strengthening of Cuban values and enhancement of Cuban culture; (e) active engagement of a socialist civil society; (f) productive capacity to engage in global commerce in specified sectors; and (g) augmented international prestige and standing among the community of nations. Together these define “box” within which Cuban elites understand and respond to the world. These set the bases for the process of interpreting the actions and consequences of what is going on within Cuba and around the state. And it serves as the baselines against which Cuba can define “the other” who represents the aggregation of those characteristics, premises and principles that are the embodiment of “wrong”—the United States.

The Cuban Capacity for Reform: **Political Organization**



These principles into which the Revolution has been transformed, has significant effect on the character of political reform. We consider the ideological constraints on political reform in the face of an objective of global reintegration given expected contemporary global baseline expectations.

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The politics of organizational transformation is grounded in *three basic sectors of necessary transformation*: The first the consolidation of state ownership of the means of production. The second, is the need to accommodate foreign notions of ownership of production and the complementary role of private enterprise in Cuba. The third, is the enhancement of the state's role in the direct responsibility for economic planning and direction. All issues of political reform revolve around the creation of institutional mechanisms that enhance efficiency and reinforce the leadership role of the vanguard party. All reform, then, must be bent to the building of a comprehensive (an "all around") Socialist Society that is prosperous and sustainable ("impulsar y consolidar la construcción de una sociedad socialista próspera y sostenible," (Conceptualización, ¶ 49)).



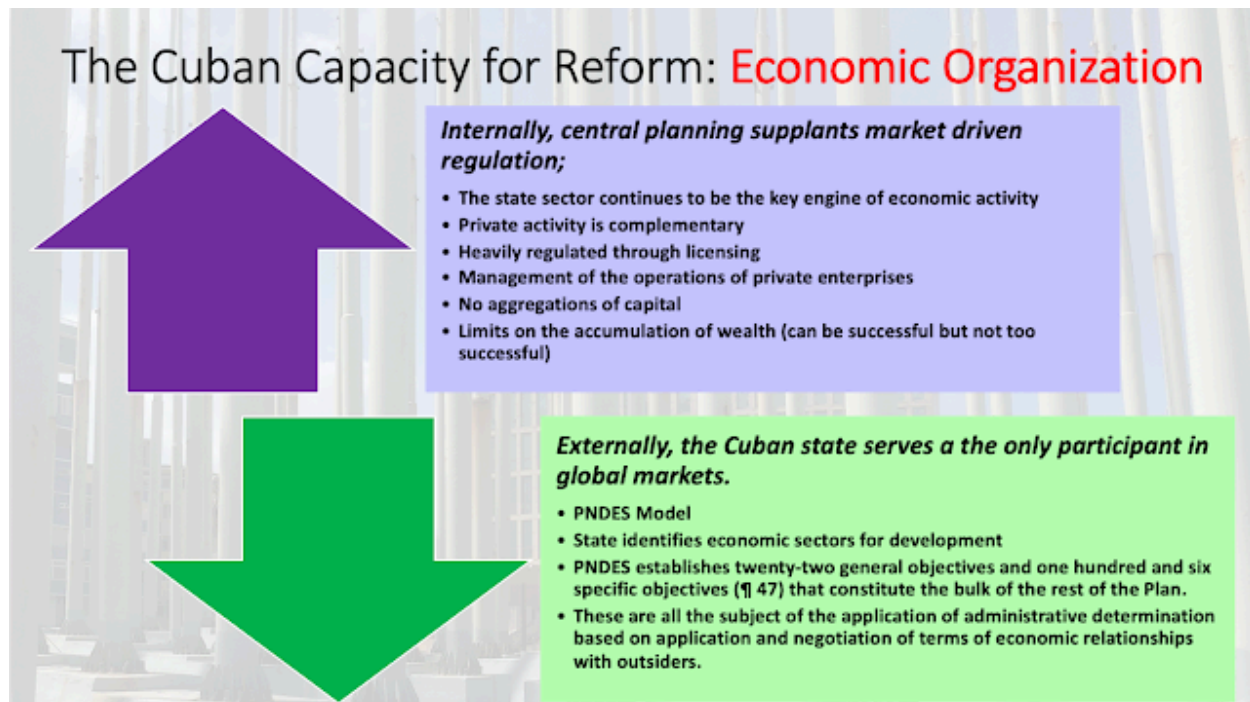
This sensibility was well evidenced in the 2018-19 Constitutional reform project. That project set quite firm boundaries to the space within which popular consultation would be treated as worthy of consideration, and as well the forms within which legitimate engagement could be recognized. At the same time the state tolerated a substantial amount of “unofficial” and “off the books” discussion and engagement, even on the constitutional reform websites it maintained. The key element was the transposition of the central ideological elements of the *Conceptualización*. The focus was on the construction of the administrative apparatus. Left intact, of course, was both the underlying political ideology and the authority of the PCC as the vanguard party in power and the holder of supreme political authority through its leadership and guidance role. That it changed the vocabulary of power—from Marxist and Leninist to socialist was of little moment; the structures remain well entrenched. One understands the Cuban constitution as Nkisi—as the means of channeling power that is not inherent in the object (the constitution) but which is derived from an extra-constitutional source (the PCC Basic Line and its *Conceptualización*).

The Cuban Capacity for Reform: **Economic Organization**



Likewise, the capacity for reform of the *economic model* of the state was severely constrained by the ideological premises and structured that were adopted as both orthodox and as defining the frame of reference for analysis.

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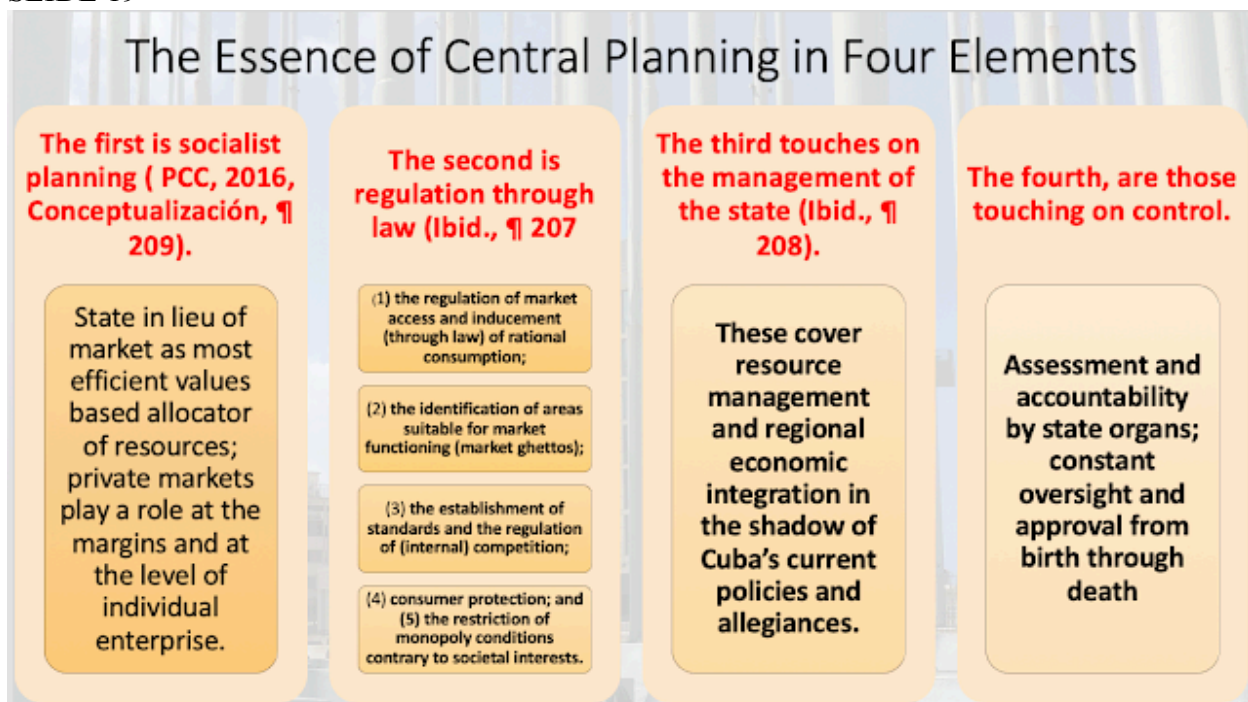
That economic model produced a bifurcated approach to economic policy—one that mimicked the bifurcated currency that the Cuban state adopted. In both cases, economy and finance severely *segregated internal operation from the state’s engagement with foreigners* in both form and operation.

Internally, central planning supplants market driven regulation. The state sector continues to be the key engine of economic activity. Private activity is complementary and as a gap filler for the planned economy. Private activity is in any case heavily regulated through licensing and oversight. And it is heavily taxed. The state retains a substantial (though sometimes only potential) hand in the management of the operations of private enterprises. The availability of forms of organization based on the aggregation of capital (corporations, partnerships and the like) remains strictly prohibited precisely because the economic model consigns to the state the ownership of the means of production and its exploitation. Moreover, the ideological core premise of horizontal parity in wealth produces a system that obsesses (at least formally and outwardly) about the limits on the accumulation of wealth. One can be successful but not too successful in the complementary private sector.

Externally, the Cuban state serves as the only participant in global markets. The template is the model on PNDES, the 2030 economic plan. It is for the state to identify those economic sectors chosen for development. It is for the state to exploit the means of production to the ends of advancing economic activity in those areas. It is for the state to deal with foreign partners and investors. And it is for the state to provide foreign investors or partners with access (through state entities) with the labor and materials they might locally source. The 2030 Plan establishes twenty-

two general objectives and one hundred and six specific objectives (2030 Plan ¶ 47) that constitute the bulk of the rest of the Plan. These are all the subject of the application of administrative determination based on application and negotiation of terms of economic relationships with outsiders.

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At the heart of this model is the conceptualization of central planning. That conceptualization is the product of the aggregation of four distinct elements. *The first* is what the *Conceptualización* calls “Socialist Planning” (PCC, 2016, Conceptualización, ¶ 209). Socialist Planning replaces the market with the state, and market mechanisms with the exercise of administrative discretion in making economic and allocation choices. The State, rather than the market, is premised to be the most efficient values-based allocator of resources; private markets play a role at the margins and at the level of individual enterprise. *The second* is regulation through law (*Conceptualización* ¶ 207). This consists of four parts: (1) the regulation of market access and inducement (through law) of rational consumption; (2) the identification of areas suitable for market functioning (market ghettos); (3) the establishment of standards and the regulation of (internal) competition; and (4) consumer protection; and (5) the restriction of monopoly conditions contrary to societal interests. The third touched on the management of the state as the locus of and substitute for the market (*Conceptualización* ¶ 208). These principles are concerned with resource management and regional economic integration in the shadow of Cuba’s current policies and allegiances. What is of concern are not just wholesale markets but the construction of trade based on the ALBA principles. *The last* touches on issues of control and systemic integrity. Assessment and accountability by state organs; constant oversight and approval from birth through death. Of

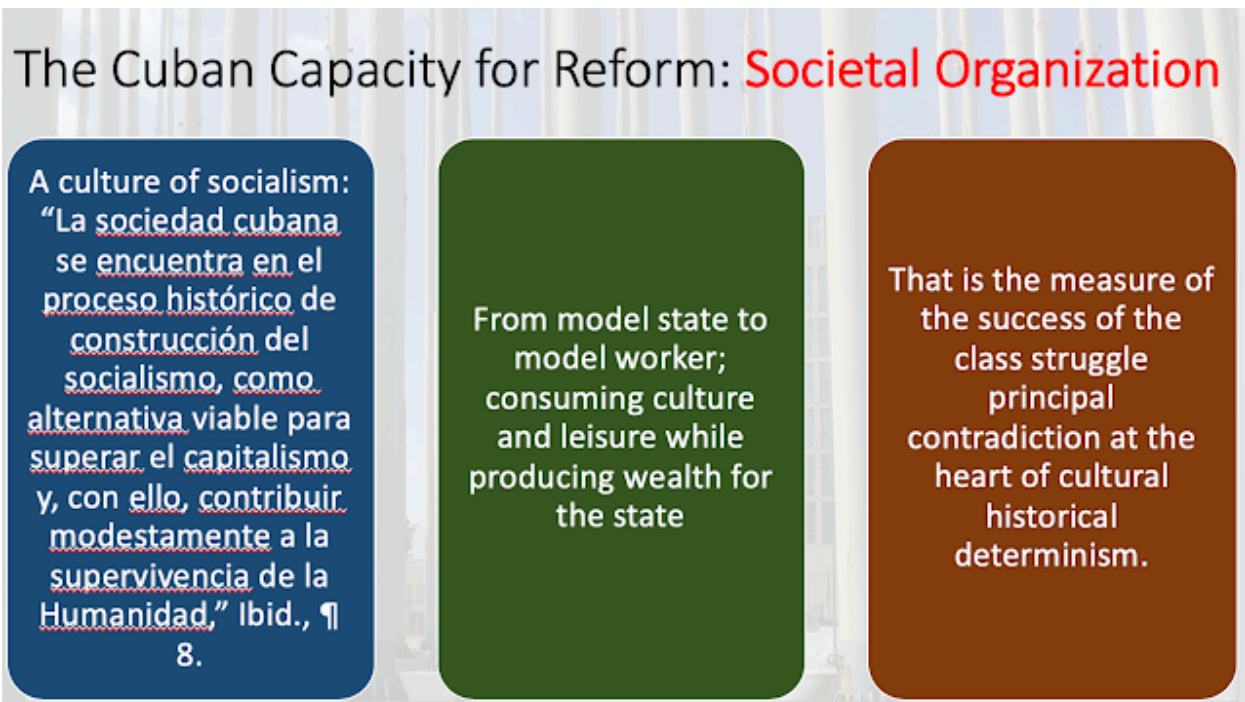
course, the theoretical framework and the realities of the state are separated by a great distance. One need only read the speeches of high officials to get a sense of the great chasm between theory and practice. But the theory holds—and forms the basis for constructing both systems and the means for attempting accountability measures within the normative parameters of the economic model itself.

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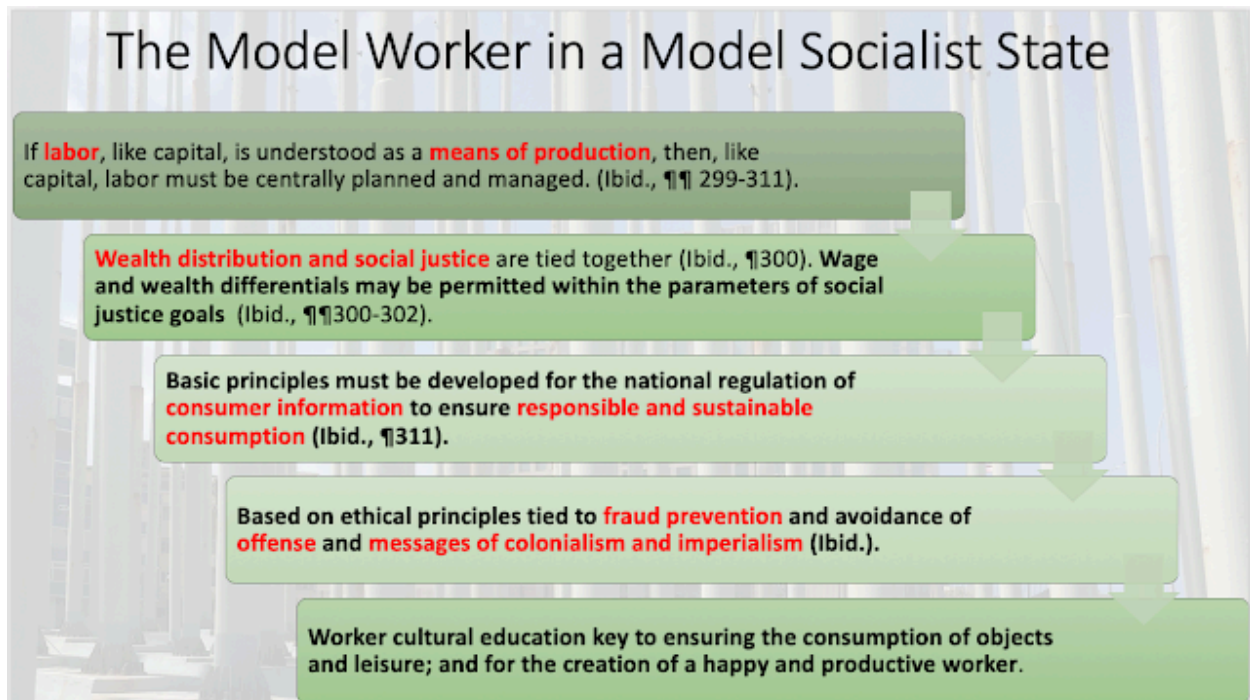


But what is at the heart of central planning; and related to that question, what is at the heart of the political and economic model? It is not the development of productive forces to produce an abundance of wealth; it is not the objective of securing for the vanguard a privileged position above society; and it is not about augmenting the value of production per se. Instead, the object of all of this effort is focused on the production of the model worker in a model society consuming a model amount of goods in perfect harmony with his fellow citizens within a self-sustaining social and economic community. It is the *production of a model worker in a model society against which the value of economic activity is measured*.

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The object of the socialism embedded in the Cuban political and economic model focused on the culture that socialism itself was meant to produce. That production, of course, was focused not on the production of wealth but on the *cultural production of people*. A culture of socialism: “La sociedad cubana se encuentra en el proceso histórico de construcción del socialismo, como alternativa viable para superar el capitalismo y, con ello, contribuir modestamente a la supervivencia de la Humanidad,” (Conceptualización, ¶ 8) [Cuban society finds itself in the historical process of the construction of socialism as a viable and superior alternative to capitalism, and with it, to contribute modestly to the survival of humanity]. The obligation is to move from the construction of a model state to that of a model worker; an individual who is capable of consuming culture and leisure while producing wealth for the state to be used for their benefit. That production is meant to be the measure of the success of the class struggle principal contradiction at the heart of cultural historical determinism.



So what exactly is the model worker in a (Cuban) socialist state? The logic runs something like this: If labor, like capital, is understood as a means of production, then, like capital, labor must be centrally planned and managed. (*Conceptualización*, ¶¶ 299-311). Wealth distribution and social justice are tied together (Ibid., ¶300). Wage and wealth differentials may be permitted within the parameters of social justice goals (Ibid., ¶¶300-302). To that end, basic principles must be developed for the national regulation of consumer information to ensure responsible and sustainable consumption (Ibid., ¶311). These principles, in turn, are based on ethical principles tied to fraud prevention and avoidance of offense and messages of colonialism and imperialism (Ibid.). For these ends, Worker cultural education key to ensuring the consumption of objects and leisure; and for the creation of a happy and productive worker. Those are the ends to which all of the political forces of the Cuban Revolution are meant to be directed—the production of a properly socialized individual (worker) who together with all others serves as the pieces that in the aggregate constitutes the mosaic of a communist society of contented and motivated workers. It is to this work, *the work of perfecting the individual*, that the PCC is effectively charged.



It is in this context that one can better understand the nature and feasibility—and also the limits—of Cuban economic reform in the shadow of Global engagement. And it is in that shadow that one can begin to understand the tensions and contradictions inherent in any project of embedding Cuba into the structures and world views of global production. Those contradictions were exposed quite clearly upon the election of Donald Trump to the US presidency in 2016, and manifested with increasing urgency after he took office in 2017.

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The goal context in which global engagement became far more difficult for Cuba after 2016. U.C.-Cuba BIT off the table; U.S. opposition to state based subsidized economies is growing. That opposition is at the heart of the impasse between the United States in China in the negotiation of their trade agreement. But it also bleeds into Cuban relations with members of the global trade and finance order. On addition, the Affair of the Sonic Weapons Attack has had a noticeable effect on relations between the US and Cuba; the State Department Reports suggest Cuban cupidity or involvement. Cuba has made little effort to join IFIs (with the possible exception of the AIIB); it remains relatively quiet in the WTO environment. Likewise, there is little movement toward OAS integration; the CELAC and ALBA as an alternative have come under stress because of aggressive countermeasures taken by the U.S. and its allies. Trade funneled through Special Economic Zones (e.g., Mariel) and an impermeable internal market have made integration effectively difficult. Cuba remains willing to participate in global trade at the state level but is unwilling to open its territory to global production over which it has no direct control. There is little movement to liberalize private sector. A greater focus on state to state trade; marks the outer boundaries of Cuban engagement. Cuba is willing to embrace markets as a sovereign participant outside of its national territory; within the national territory there is only the state and its management of economic activity either through state entities or a well-managed complementary private sector focused on consumer retail.

The American Tilt Toward the Caribbean 2019

Represents not merely a *pivot of the Trump administration toward the Caribbean* (with Mexico on the periphery but there centered on migration),

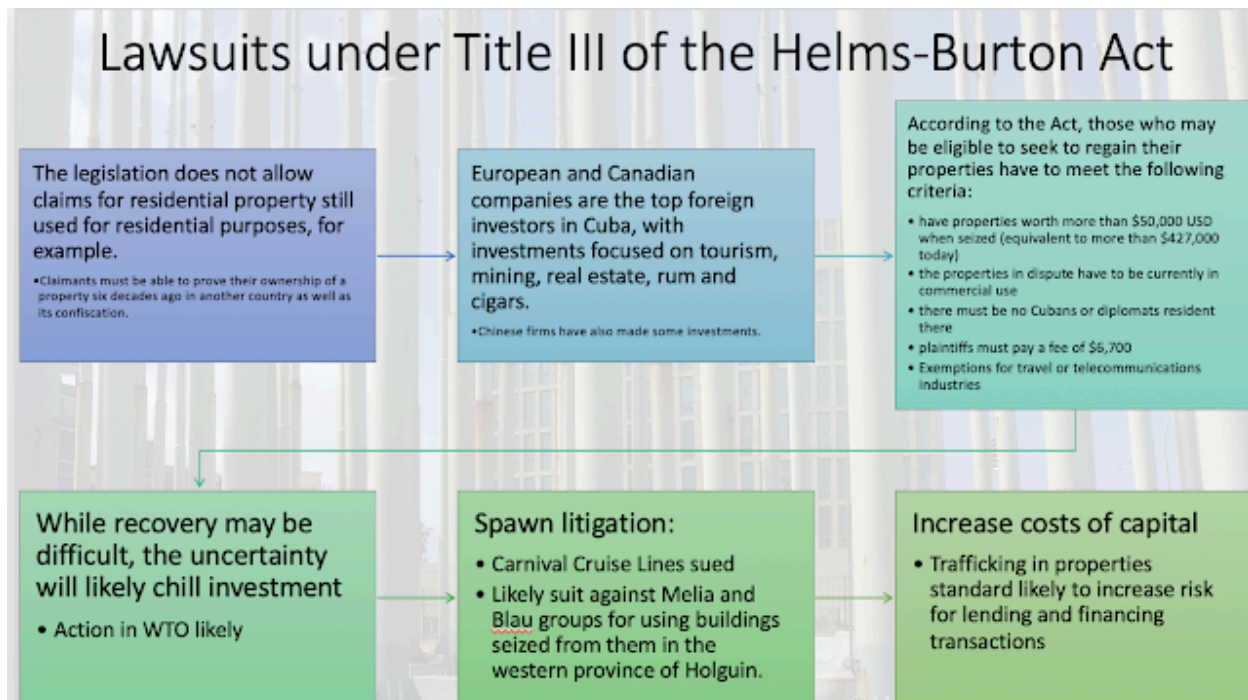
- meant to reduce what may be a perceived threat of Chinese and Russian penetration in an area now deemed sensitive to U.S. interests.
- serves (as it must given the logic of American politics) as a revelation of the policy aspects of the American 2020 presidential campaign.

Key Elements:

- 1. Takes Latin American regionalism seriously;
- 2. In the case of Cuba-Venezuela-Nicaragua (and of course the rest of the ALBA bloc), it also takes Latin American regionalism as threatening (e.g., [Mr. Bolton's references to the three as a troika of tyranny](#));
- 3. Will coordinate countermeasures against unfriendly regions in ways that profit from coordination and synergy.
- 4. One cannot read the actions anticipated to be formally announced tomorrow without also considering how they coordinated with a series of rapid fire recent decisions including actions to (a) [reduce aid](#) to Honduras, El Salvador, and Guatemala; (b) recognize the Guaidó administration in Venezuela and take active measures to hobble the Madura regime; (c) [sanctions against Nicaraguan officials](#); and (d) close the Mexican border.

The American tilt toward the Caribbean, announced in a series of measures starting at the end of 2018 but intensified in 2019 also complicates the calculus for Cuban engagement in global production. This tilt represents not merely a pivot of the Trump administration toward the Caribbean (with Mexico on the periphery but there centered on migration), but also a focus on a protection of a sphere of influence that had until recently been relatively neglected. It is meant to reduce what may be a perceived threat of Chinese and Russian penetration in an area now deemed sensitive to U.S. interests. At the same time, it serves (as it must, given the logic of American politics) as a revelation of the policy aspects of the American 2020 presidential campaign.

It is comprised of four key elements. First, it takes Latin American regionalism seriously. Second, in the case of Cuba-Venezuela-Nicaragua (and of course the rest of the ALBA bloc), it also takes Latin American regionalism as threatening (e.g., [Mr. Bolton's references to the three as a troika of tyranny](#)). Third, it is meant to signal a coordination of countermeasures against unfriendly regions in ways that profit from coordination and synergy. Fourth, one cannot read the actions anticipated to be formally announced tomorrow without also considering how they coordinated with a series of rapid fire recent decisions including actions to (a) [reduce aid](#) to Honduras, El Salvador, and Guatemala; (b) recognize the Guaidó administration in Venezuela and take active measures to hobble the Madura regime; (c) [sanctions against Nicaraguan officials](#); and (d) close the Mexican border. Together these represent a substantial element of constraint to efforts at normalization of Cuban engagement in global finance and production.



But it is the actions of the United States in May 2019 that effectively pose a fata challenge to Cuban reintegration. It was in May 2019 that the Trump Administration finally permitted lawsuits under Title III of the Helms Burton Act. The legislation does not allow claims for residential property still used for residential purposes, for example. Claimants must be able to prove their ownership of a property six decades ago in another country as well as its confiscation. European and Canadian companies are the top foreign investors in Cuba, with investments focused on tourism, mining, real estate, rum and cigars. Chinese firms have also made some investments. According to the Act, those who may be eligible to seek to regain their properties have to meet the following criteria: (1) have properties worth more than \$50,000 USD when seized (equivalent to more than \$427,000 today); (2) the properties in dispute have to be currently in commercial use; and (3) there must be no Cubans or diplomats resident there; (4= plaintiffs must pay a fee of \$6,700. In addition there are exemptions for travel or telecommunications industries. While recovery may be difficult, the uncertainty will likely chill investment. Action in WTO is likely, as threatened by both the European Union and the Canadians, two political entities whose enterprises would be most likely affected by potential U.S. lawsuits. Litigation has already begun. The first action was file din May 2019 against Carnival Cruise Lines. There will likely be suits suit against Melia and Blau groups for using buildings seized from them in the western province of Holguin. Even if little comes of this litigation, the effects may be felt in corporate finance. At a minimum, the potential for litigation may increase costs of capital. The trafficking in properties standard may likely to increase risk for lending and financing transactions.



As a consequence, Cuba may be required to continue to rely on its old friends and allies, and to build on networks that bypass the current structures of global production and trade. This includes China and its Belt and Road Initiative along with its infrastructure lending programs through the AIIB. Russia may be useful both for its petroleum, and security guarantees. Cuba would have to be willing to participate in Russian strategic initiative against the U.S: but that is hardly likely to weigh heavily on the Cuban conscience. CARICOM remains a willing partner for a variety of reasons. Among these are the value of a geo-politics of regional solidarity against larger powers and mutual protection. And, of course, there is Iran, whose long relationship with the Cuban state will continue and transform as Iran’s relationship with the US and the EU becomes more strained. None of this will contribute to reintegration, but may push Cuba toward an alternative engagement with global trade.

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Engagement European Style?

Political Dialogue and Cooperation Agreement (PDCA) (Council of the European Union, 2016)

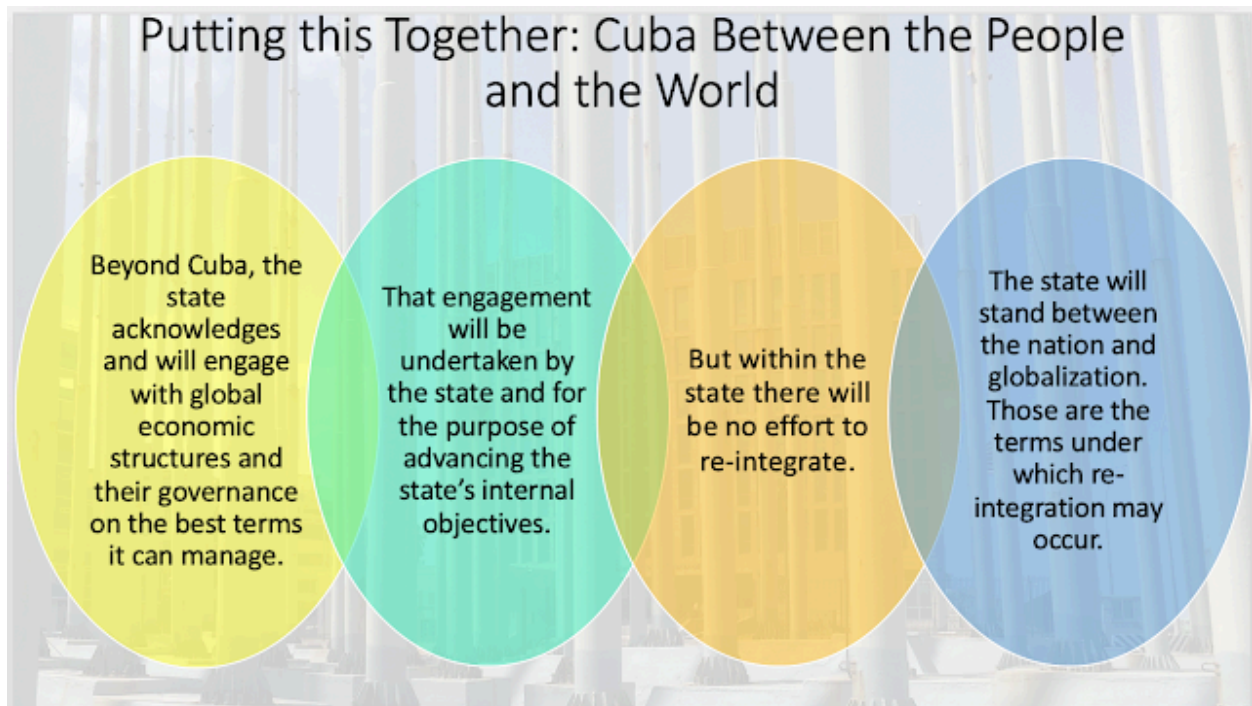
Possibility that in return for stronger ties the EU might have waived the application of its strong business and human rights measures to EU Cuba bilateral relations.

The E.U. appears to be willing to pay for its influence--from supporting the realization of Ciba's sector driven 2030 Economic Plan, to the E.U.'s help in avoiding or weakening the effects of the Cuban Embargo



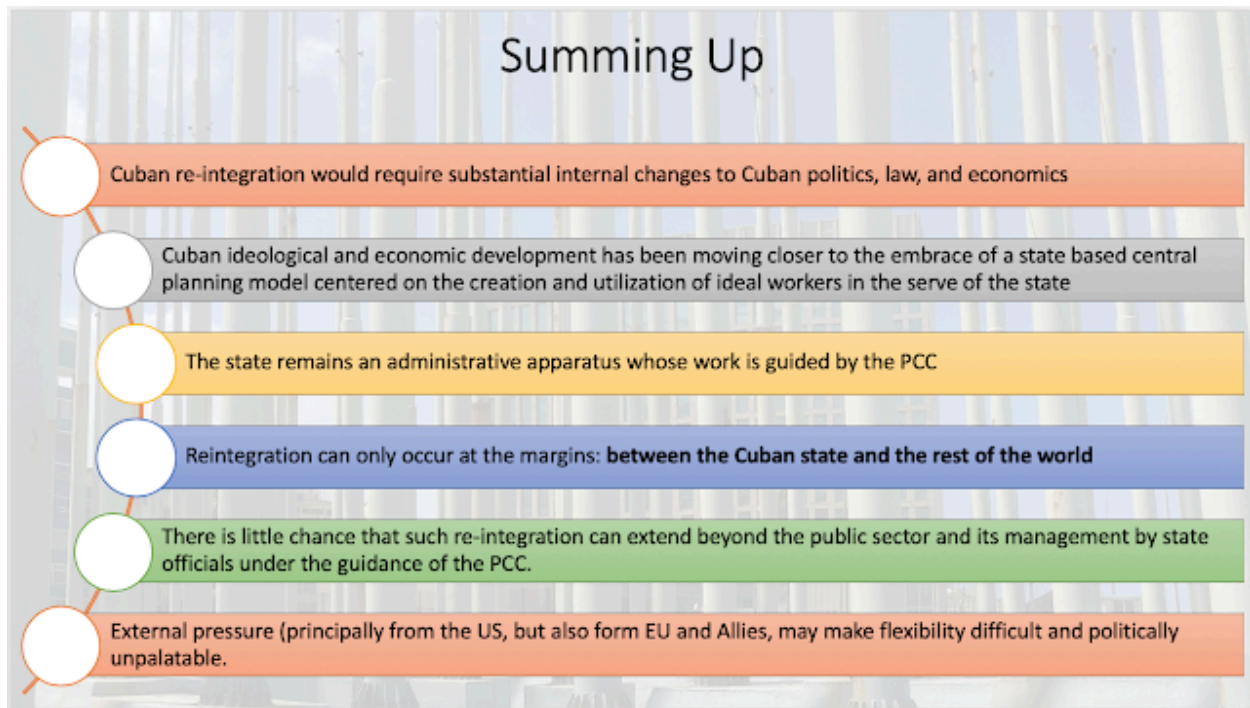
Pix Credit [Granma](#)

The European Union continues to provide the only viable option for reintegration with a modicum of protection against the aggressive intentions of the U.S. These have been memorialized in the Political Dialogue and Cooperation Agreement (PDCA) (Council of the European Union, 2016). The difficulty for the EU is the possibility that in return for stronger ties the EU might have waived the application of its strong business and human rights measures to EU Cuba bilateral relations. The E.U. appears to be willing to pay for its influence--from supporting the realization of Ciba's sector driven 2030 Economic Plan, to the E.U.'s help in avoiding or weakening the effects of the Cuban Embargo. Yet the price may be worth the returns, if the EU is able to use its patient power to move Cuban engagement closer to an orthodox position.



We can now begin to put these strands together. At best Cuban ideology and the realities of Western politics makes it clear that Cuba will not be able to effectively be integrated into the global system of economic production. That integration will at best be partial. Beyond Cuba, the state acknowledges and will engage with global economic structures and their governance on the best terms it can manage. That engagement will be undertaken by the state and for the purpose of advancing the state's internal objectives. But none of this will reach beyond the state and its instrumentalities. There will be no penetration of global production inside Cuba, nor will Cuba be open to global trade beyond engagement at the border and in special economic zones, with the state. But within the state there will be no effort to re-integrate. The state will stand between the nation and globalization. Those are the terms under which re-integration may occur.

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To sum up, it is possible to conclude as follows: Cuban re-integration would require substantial internal changes to Cuban politics, law, and economics. Cuban ideological and economic development has been moving closer to the embrace of a state based central planning model centered on the creation and utilization of ideal workers in the serve of the state. The state remains an administrative apparatus whose work is guided by the PCC. Reintegration can only occur at the margins: between the Cuban state and the rest of the world. There is little chance that such re-integration can extend beyond the public sector and its management by state officials under the guidance of the PCC. Finally, external pressure (principally from the US, but also form EU and Allies, may make flexibility difficult and politically unpalatable.



And thus the resolution of the fundamental contradiction for Cuba in its "new era" (contrast China's self conscious alternative [here](#)). In order to reintegrate the state within the streams of global production, the state is willing to serve as a sole holder of national capital or productive capacity. It is the government, as the principal economic actor of the nation that will reintegrate, and not the nation itself. That engagement will be projected outward and changes will be made enough to comply with the requirements of necessary global transactions determined to be in the state's best interest. But such reintegration is rejected within the state. The fundamental objective of perfecting the worker and worker state rather than enhancing the acquisition of value measured in financial terms makes it impossible to consider opening the country to trade and investment. While *Cuban capital* may be exposed to global practices, *neither the Cuban worker nor Cuban society* can be exposed to what is felt to be its corrupting effects. Segregation, quarantine, and the interposition of state mediation marks the management of inward investment. A more robust engagement with markets, in contrasts, marks the engagement of the Cuban state, under the guidance of its vanguard party, will mark Cuba's engagement with the rest of the world.

But one must end where one started--with ideology. The analysis presented is neither a legal nor political analysis. It is an analysis grounded in the exposure of the ideological premises that both constrain and direct thinking and responses (to events, threats and opportunities) from a very specific worldview. For those who read the documents--*Lineamientos*, *Conceptualización*, and 2030 Plan as political or legal documents, of course, a very different type of analysis is plausible. One can always make documents read the way one wants--two centuries of US Constitutional hermeneutics has made that abundantly clear as a matter of law and politics. But we are *not speaking here of the use of the documents to some specific end*--a freer market, political

liberalization or the like. Instead we are speaking here about how the documents themselves reveal their own hermeneutical constraints, constraints that are deeply embedded in the documents and then shape the ends that seem plausible variations of the legitimately possible. They also expose the disjunctions of communication when systems with divergent ideologies seek to speak and respond to each other through a communication that uses the same words but in which the words acquire quite different hues and suggest quite distinct interpretive possibilities. It is within these ideological clashes that the realities of macro and micro engagements within and beyond Cuba will take place, and choices made about the way that Cuba engages with global production. It will also determine the way that Cuba's friends and allies respond. Both are very much in evidence in 2019.

For further reading on these issues, please see: Backer, Larry Catá, [*Cuba's Caribbean Marxism: Essays on Ideology, Government, Society, and Economy in the Post Fidel Castro Era*](#) (Little Sir Press 2018). Thank you.