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Author(s): Kosmas Tsokhas

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THE POLITICAL ECONOMY OF CUBAN DEPENDENCE ON THE SOVIET UNION

KOSMAS TSOKHAS

In recent years much has been written about United States intervention in the Third World in terms of imperialism. Corporate investment and economic aid have been and have been seen as instruments of control. It has been argued that the historical relationship between a metropole such as the United States and its neo-colonies, including many Latin American countries, has been asymmetric and characterized by dependence and exploitation. This paper will look at the case of Soviet-Cuban relations in terms of dependency theory, in the period to 1973. Distinctions will be drawn between Cuba's relations with America and the new dependency with the Soviet Union. In the process it will be possible to grasp the specificity of dependence on the USSR.

The article is divided into three main sections. First, there will be a discussion of the economic subordination of Cuba to the USSR. Emphasis will be given to the role of sugar in Cuba's exports and the failure to develop a diversified and self-reliant economy. Second, we will look at the adoption by Cuba of the Soviet model of planning, calculation, and organization in the economy. In the final section the history of the ideological and political differences between Havana and Moscow will be dealt with. In addition, there will be a survey of the abandoning of the "Cuban road" and the emergence of a new Soviet-Cuban ideological and diplomatic alliance against the rivals of the Soviet Union, especially China.

The history of the Cuban revolution will be portrayed as a slide from independence, through interdependence, to dependence on the USSR. Economic dependence does not imply in this case, however, that the USSR is primarily interested in the economic returns which can be obtained. Rather, the Soviet ruling circles are motivated by the political and ideological uses of a Cuban proxy. It was necessary to have a strong grip

Department of Political Science, University of Melbourne

over the productive resources of Cuba before such compliance could be assured. However, the Cuban regime entered into its alliance with Moscow from a position of considerable strength. Cuba had asserted its independence from the United States and, although she was becoming increasingly reliant on the Soviet Union, often did so on her own terms. It will be shown that although the Soviet Union was able to manipulate economic, military, and diplomatic resources it controlled in order to modify to varying degrees the behavior of the Cuban government, this did not imply that the USSR enjoyed absolute power. In fact, the Cubans enjoyed a greater degree of autonomy from the Soviet Union than from the United States. This partially explains the undeniable improvement in living standards for the majority of the Cuban population: improvements in health, access to education and the reduction of illiteracy, a decline in infant mortality rates and falls in seasonal unemployment. As far as the relations of production were concerned, however, the turn to the Soviet model did stimulate a growth in the division between mental and manual labor, between management and labor.

Unlike the US in Cuba, Soviet economic and military aid were not mechanisms by which the metropole obtained control over domestic policy and decision making processes. It will be argued that the Soviet Union and Havana formed an alliance. The USSR did attempt to co-opt the Cuban regime through the use of the inducement of diplomatic support, military, and economic aid, or the threat of withholding these resources, to obtain the compliance of its client with Soviet policies. The relations that developed were based on bargaining between patron and client, for the client also controlled resources desired by the Soviets. This emerged most clearly at the time of the missile crisis. Bargaining power was variable and contingent on the nature of the issues and the particular circumstances.

Despite the continuing relative autonomy of Cuba, however, the drift of history was in favor of the USSR. When the ratio of foreign to domestic economic and military transactions was high and concentrated, when foreign markets and imports of capital, technology, and military equipment were narrowly distributed in the direction of one metropole, the USSR and its East European allies, and the client had little opportunity to replace the patron by one of its rivals or to dispense with the resources controlled by the USSR, a situation of unequal power existed in favor of the metropole. Castro admitted as much. As a consequence the Soviet ruling circles were able to modify economic policy and diplomacy. The following mechanisms of Soviet imperialism will be discussed: the creation

of imbalances in the Cuban economy by encouraging monoculture sugar production and facilitating the failure of economic diversification and industrialization; the manipulation of Cuban economic dependence to obtain the adoption of Soviet approaches to economic management, organization and planning and the abandonment of a Cuban road to socialism; growing Cuban indebtedness; the extraction of economic benefits through a division of labor; and finally, the use of economic dominance to cause changes in key policy areas such as revolutionary strategy, to secure diplomatic and ideological support against China, and to gain strategic advantages *vis-à-vis* America.

From Self-Reliance to Economic Dependence

The historical underdevelopment of Cuba was related to monoculture production of sugar. Oriented to the external market and suffering from chronic fluctuations in prices, sugar production hampered Cuban economic growth and industrial expansion. The United States was the major purchaser and source of capital, technology, and industrial products. This division of labor rendered Cuba vulnerable to US political control. Sugar was seen by the Castro regime as the source of Cuba's woes. To put an end to monoproduction of sugar, the young revolutionary government launched an industrialization drive in the period 1962–65. Sugar production declined in 1962–63. If the objectives of the government had been realized Cuba would have taken a giant step towards a balanced and self-reliant economy. However, the industrialization effort failed.¹

It will be argued that Cuba's relationship with the USSR in terms of trade, division of labor, and indebtedness is akin to the earlier relationship between Cuba and the United States. The Soviet Union played a major role in creating Cuba's new dependence, but both domestic and external causes existed. It is more accurate to speak of a convergence between the views of a section of the ruling party in Havana, the economic problems created by its attempts to revolutionize Cuba, and the objectives of the USSR. This is an important divergence from the old relationship with the United States. Although the structure of dependence appears to be similar, the causes are different and the Cuban regime was able to negotiate the conditions of dependence from a position of greater autonomy and strength. For example, unlike the US, the Soviet Union did provide a guaranteed market and stable prices for sugar.

This section is divided into three parts: first, a discussion of the process which led to the Cuban revolutionary regime retreating to the old

primacy given sugar production, with the Soviet Union being the main export market; second, a demonstration of the Soviet influenced abandonment of economic diversification and self-reliance and how it was replaced by the “socialist division of labor,” and third, an exploration of the implications of Cuba’s mounting indebtedness to the USSR.

The return to sugar

The first cause of the abandonment of Cuba’s plans for economic diversification and industrialization was the deteriorating trade balance. In 1963 Cuba’s trade balance was three times worse than in the period 1960–62. These balance of payments problems were due to imports of foodstuffs and consumer goods which far outweighed exports. One solution was to cut back imports, but this could not be done. Over half of Cuba’s \$600–700 million imports consisted of petroleum products, raw materials, and spare parts for industry. Plants producing consumer goods were especially dependent on imports of raw materials, which could not be found in Cuba, and parts for machinery.²

The second cause was that import substitution through industrialization could not appreciably curb the drain on Cuba’s foreign exchange reserves. According to Boorstein there were several reasons for this:

First there is the capital cost in foreign exchange; the new industries have to be financed, either with cash or by going into debt. Then there is the cost of the imported materials and parts required by these industries. Even apart from the initial capital cost, many of the industries Cuba was setting up involved increased costs in foreign exchange rather than saving.³

Boorstein gives a number of illustrative examples.⁴ The central consideration was how to attain a rapid growth in exports and reduce the deficit. Sugar was the only alternative and the Soviet Union provided the only major market. The Soviet Union encouraged a return to the primacy of sugar for economic and political reasons.

In the last two decades the Soviet ruling circles have given priority to protein rich beef production in the rural sector. This has been at the expense of some grains and commodities such as sugar beets. Wheat and other feed crops have increased their acreage and share of state expenditure. It has been estimated that imports of 20–25 million tons of grain, and 2 million tons of sugar would be necessary in the Tenth Five Year Plan for the period 1976–81. Without such imports it would be impos-

sible to maintain the commitment of domestic grain to beef production.⁵ In addition, Soviet sugar beet production was failing to reach its quotas and mechanization faced intractable problems.⁶ There were also the advantages to be gained in the maximization of the use of resources in accordance with the “socialist division of labor.” Both the Soviet negotiators and Cuban representatives involved in the sugar agreements were aware that the cost of producing sugar in the Soviet Union was much higher than in Cuba. In the case of other major purchasers of Cuban and Soviet sugar such as Poland, Czechoslovakia, and East Germany, costs of production were also higher.⁷

Huberman and Sweezy have elaborated on the thinking of both the Cuban and Soviet governments:

... because of soil and climate, but also because of historical specialization, Cuba is a low-cost producer of sugar, perhaps the lowest-cost producer in the world. . . . The Soviet Union is a low cost producer of the things Cuba is most in need of: oil, trucks and jeeps, tractors, machinery etc. . . . It follows that if prices are set in reasonable relation to costs, the Soviet Union can reduce the average cost of its sugar-consumption by exchanging what Cuba needs for Cuban sugar – the more so the larger the quantities involved. . . . Furthermore, since the Soviet Union is in a phase of economic development characterised by rapid growth of sugar consumption, this result can be attained without endangering existing Soviet investments in the growing and processing of sugar beets; all that need be done is to slow down the rate of growth of domestic sugar production.⁸

It was, in short, profitable for the USSR that Cuba produce sugar. Boorstein has described the negotiations and agreements between the USSR and Cuba in a similar way.⁹ Castro shared these views, and in 1965 he stated that Cuba would give primacy to agriculture because of its soil and climate; the natural conditions for the production of sugar were the best in the world.¹⁰ Industrial development would take “hundreds of millions of pesos,” many qualified personnel, and skilled workers and would not commence production for many years. Sugar production would not make these demands on the economy and would provide “immediate returns”.¹¹ Although for Castro this aided Cuba, this was because the Soviets needed the sugar:

... they are not sacrificing their economy. On the contrary, it is economically advantageous to them. Why? Because the needs of

their country are great, their level of sugar consumption can increase considerably over what it is now, and sugar would cost them much more to produce than it costs us.¹²

Two western scholars have compared data on Soviet imports and exports of sugar. Cuban imports were higher than Soviet exports showing that the USSR was not self-sufficient in sugar.¹³ Finally, the USSR was financing Cuba's trade deficit, and unless sugar exports to the USSR expanded rapidly, the deficit would continue to grow at the expense of the Soviets.¹⁴

Mechanization would play a crucial role in boosting the production and export of sugar, but it was harvesting by hand that was the major problem. And here also the Soviet Union played a key role in facilitating and pressing for the return to monoculture sugar production. On his visits to the Soviet Union in 1963 and 1964 when the 10 million ton *zafra* was first mooted, Castro pointed out that unless the harvest was mechanized, there was little hope of realizing the target. Being anxious to ensure that Cuba give absolute primacy to sugar, the Soviets encouraged the 10 million ton *zafra* and their offer to mechanize the harvest was crucial to Havana's decision to go ahead.¹⁵ In June 1963 Castro stated that a machine combining reaping and cutting designed by a Soviet team personally led by Krushchev convinced the Cuban government to anticipate the successful total mechanization of sugar harvesting: "from that moment, there was never the least doubt that the problem would be solved."¹⁶ According to Karol,

... the Russians shipped one thousand of Krushchev's machines to Cuba all at once, so convinced of Krushchev's foresight that they did not even bother to make preliminary tests in the field.¹⁷

The cane-cutter was modeled on land surfaces in the Ukraine; however, Cuba did not have the flat surfaces of the Ukraine and cane not cut in a certain way will not develop new shoots. For Karol, the Russian machine was "too heavy, too clumsy, and quite unsuited to Cuban conditions. In other words, it caused nothing but damage."¹⁸ Castro's comment was that it was "a great destroyer; where it has been nothing will grow for a long time to come."¹⁹

The inadequacy of mechanization was an important factor in Cuba's failure to attain the 10 million ton target. As a result, plans to reduce indebtedness to the USSR had to be abandoned. A further attempt at

self-sufficiency and greater industrial diversification also had to be postponed. Despite the trade balance in its favor the Soviet Union increased its exports to Cuba in the period 1964–68. Cuba was dependent on the USSR for supplies of petroleum, sulphur, asbestos, fertilizers, and equipment, including trucks, automobiles, and metal cutting lathes.

Implications of sugar's new role

The first implication was that Cuba would produce a single crop, sugar, and the USSR, complex industrial items. This is an example of the classical division of labor between periphery and metropole, and was embodied in trade agreements. The long-term trade agreement signed with the Soviet Union in January 1964 allowed for the export of 24 million tons of sugar in 1965–70 at 6.11 cents per pound, fixed price. Soviet payment was to be in terms of industrial goods and raw materials exported to Cuba. The emphasis would be more accurate to say that Cuba's sugar exports were partial payment for imports from the USSR, because Cuba's debt and trade deficit *vis-à-vis* the Soviet Union was so great.²⁰ In turn, these arrangements delimited Cuba's capacity to earn foreign exchange, for unless a surplus was produced over and above that needed to pay the debt to the USSR, little sugar could be exported to convertible currency areas. Commitments to the Soviet Union had priority.²¹

The implications of this division of labor were political and ideological. In 1967–68 when Castro was at the peak of his ideological conflict with Moscow, symbolized by the arrest and trial of the pro-Soviet "micro-faction," Moscow was able to discipline Havana by exploiting the division of labor between sugar and industry. The "micro-faction" led by A. Escalante and consisting largely of old Popular Socialist Party members, was accused of collaborating with the Soviet, Czech, and East German communist parties to "destroy the firmness of the [Cuban] revolutionary forces."²² The response of the Soviet leadership was to withhold or delay deliveries of strategic materials to Cuba. In January 1968 the rationing of petrol was announced because of the "limited ability" of the USSR to continue supplies. This was at a time when the Soviet Union was elsewhere launching a global oil exporting offensive. The desperation of the situation was shown in the Cuban diversion of 30% of military gasoline supplies to agriculture. Two further acts of pressure were made: in 1968 the USSR delayed the signing of the annual trade agreement and commenced to charge interest on credits.²³ A further cause of the Soviet "blockade" was Havana's ideological criticism of Soviet foreign policy and the tactics of its Communist Party clients in Latin America.

Soviet aid was assured in response to Castro's tentative endorsement of the Warsaw Pact invasion of Czechoslovakia in 1968. Economic restrictions were lifted and a new trade agreement signed in 1969. The new agreement involved a trade turnover of 1,000 million rubles per year. New credits were advanced "to cover the differences in the volume of reciprocal supply of goods and services".²⁴ However, Escalante remained under house arrest. So Soviet pressure led to a trade-off rather than a complete retreat by Havana at this time. As long as Cuba relied on the export of primarily one commodity to one main market, the Soviet bloc, from which it received credits, industrial items, consumer goods, and raw materials, and as long as exports were not diversified and customers were limited, such Soviet leverage was possible. In addition, although sugar was vital to Cuba's economic survival, sugar imports from Cuba were a boon, but not of the same importance to the Soviet Union's economic development. Nor was Cuba a key market for Soviet exports. Therefore the Soviet Union's aid and trade was far more important to Cuba, than vice versa. Cuba could not dispense with or replace the USSR. As Castro pointed out in 1965, without this trade relationship the economy "would have received a very hard blow"; without the import of Soviet oil Cuba would "have been left without fuel".²⁵ The key factor was the US embargo.

Indebtedness to the USSR

Cuba became the sixth largest trading partner of the Soviet Union. As a significant producer of sugar, the Soviet Union may have paid higher prices for Cuban sugar because it would have provided a marketable surplus of refined sugar for the USSR, which could be exported to earn hard currency in convertible currency areas. On the other hand it could be argued that the USSR has subsidized Cuba's sugar exports. Except in 1963 when there was a sudden surge in world prices, the USSR has paid a price higher than the world price. Given Cuba's failure to deliver the required amount and that the agreed price was above the average world price, it has been estimated that the USSR subsidized Cuban sugar for the period 1960–70 to the tune of \$US1,168 million over what the Soviets would have paid if they paid only the prevailing world market price in each year. Prior to 1965, 20% of purchases were in hard currency. After that date sugar purchases were paid for by the export of Soviet goods to Cuba on a barter basis. If these goods were overpriced as has been suggested by the Cubans, then a cost-benefit analysis is hard to determine.²⁶ According to Soviet statistics, Cuba had a cumulative trade deficit of 1,508 million rubles with the USSR in the period 1960–70. By

1972 the debt reached 1,900 million rubles. The total debt has been estimated as high as \$US5,000 million in 1974.²⁷

There were several further causes of Cuba's debt: first, figures for the trade deficit do not include the cost of maintaining Soviet advisers and the living allowances they receive in pesos, interest charged on credits since 1968, military aid, loans of hard currency from the USSR for purchases from non-Soviet bloc countries, and other forms of assistance.²⁸ Second, according to estimates by the National Bank of Cuba, Soviet goods exported to Cuba cost 50% more than if goods of similar type and quality had been purchased on the non-Soviet bloc market.²⁹ Further evidence of overcharging was found by J. Suchlicki, who found in 1972 that the USSR was charging from 11% to 53% more for machinery than Cuba would have to pay had she bought comparable equipment elsewhere.³⁰ However, in an interview in 1965 Castro claimed that although at times Soviet goods were costly, often they were cheaper than world prices. Whenever disagreements on prices occurred, they were resolved through discussion.³¹

At the beginning of 1968 Cuba had abandoned plans for economic diversification and accepted the primacy of sugar. Castro told Karol that he was surprised when he realized that Cuba's debt to the USSR amounted to \$US1 million per day. He insisted that every kopeck would be repaid: it was "ordinary business," not aid. Castro continued: "They give us nothing for nothing, and then act as if they were our greatest benefactors, as if they were showering us with gold!"³²

In a revealing interview in 1974 Castro described the degree to which what once appeared to be irreconcilable differences of principle had been overcome. In addition, Castro suggested that Cuba was dependent on the Soviet economy, while the latter could more easily dispense with Cuba:

We have political, friendly relations; we have common political philosophies and an important economic exchange. Undoubtedly, our commerce with them is less important to them than it is to us, but that happens to many countries.³³

Castro's response betrays a tone of resignation – it is a common fate of "many countries". Castro touched on an important aspect of Cuban dependence, by pointing to the centrality of Soviet aid to the Cuban budget and its insignificance to the Soviet budget. Bargaining and negotiations would be hegemonic. Soviet aid was indispensable and costly. A

Latin American community based on mutual exchange and aid would have been preferable but impossible after the defeat of revolutionary movements there. The degree of Cuba's dependence is summed up in these words:

The past few years have been so difficult, so hard for us, that we could not have survived without this aid. Who can say this aid has hurt us? What would we have had to do without this aid?³⁴

Finally, in response to the suggestion that Cuba may have replaced dependence on the United States for dependence on the Soviet Union, Castro replied that

We are all dependent, in one form or another, upon others. . . . You Americans depend on the foreign market to sell your excess production. The Soviet Union constitutes our major market. How can one compare the relations we have with the Soviet Union and those that existed with the United States? The Soviet Union has given us easy payment terms, has helped us obtain credit elsewhere, and has had the greatest consideration for us in financial matters. With reference to the United States . . . they owned the Cuban economy The Soviets don't own a single mine in Cuba, a single factory, a single sugar mill So that all the natural resources, all the industries, and all the means of production are in our hands. . . . We depend on the Soviet Union . . . just like other countries have relations of interdependence, and I don't think there is a country in the world that escapes this. . . . We have no energy sources, no oil, coal or hydroelectric power. We will always have to be dependent upon others for the supply of energy, of many raw materials and of some foodstuffs, just as other countries depend on us for their supply of sugar, nickel, and other products. The entire world is interdependent.³⁵

If the relationship is equal and mutually interdependent then so is that between "other countries". At the same time Castro has focused on a key difference between US and Soviet imperialism. The latter does not rely on the direct ownership of the means of production throughout the Cuban economy. To the degree that dependence exists it is based on a division of labor in trade, technology transfers, co-ordination of planning, joint ventures, as for example in mining or manufacturing projects, and other levers of control discussed below. Comparative costs and division of labor, used to justify the trade pattern between the United States and Cuba, were implicit in Castro's statement that Cuba must produce

sugar and nickel and not certain other products. To some degree Cuba's role in the division of labor was decided on after Soviet geological and economic teams had conducted surveys of the island's resources. In 1969 a Soviet press statement described Cuba as "unusually rich" in minerals, including tin, tungsten, phosphorites, asbestos, and "rare metals". A. I. Lisitsy, director of a group of geologists exploring Cuba's mineral resources stated in 1969 that "virtually everything" was there and compared the diversity of minerals in Cuba to the Urals. Cuba was a potentially valuable primary producer for the "socialist system".³⁶

Soviet imports of Cuban sugar have served several further purposes: first, whereas in 1962 Czechoslovakia and Poland delivered 231,000 tons of refined sugar to the Soviet Union, in 1965 these exports amounted to only 1,400 tons.³⁷ Second, the USSR has become an important exporter of sugar. Whereas in 1960 it exported 242,900 tons, in 1968 and 1969, exports amounted to 1,374,000 and 1,080,000 tons respectively. Eastern European countries only account for 15–20% of these exports, the majority going to Third World countries – Afghanistan, Iran, Iraq, Sudan, UAR, and Yemen – with Finland and Yugoslavia also being important customers.³⁸ An additional cost attached to Soviet sugar purchases was the resulting transfer of convertible dollar reserves into rubles. Thus although the price paid for sugar was equivalent to world prices, Cuba had to invest hard currency in the purchase of machinery and capital goods needed to meet her obligations to the Soviet Union.³⁹

At this point it is necessary to return to the question of the 10 million tons zafra. The Soviets agreed to purchase 5 million tons, and the decision of the Cuban leadership to aim for a target of 10 million tons was due to the need to secure imports from outside the Soviet bloc. This implied a surplus of sugar over the amount purchased by the Soviets, which could be used to earn convertible currency. According to Karol this was because

. . . the USSR and her allies were unable to supply . . . certain types of essential equipment, not to mention a wide range of less essential consumer goods . . . these extra tons were precisely the ones that called for the greatest dollar investment.⁴⁰

Scarce dollar holdings were used to purchase plant and transport equipment outside the Soviet bloc.⁴¹ A positive aspect of Soviet purchases has been the price paid for Cuban sugar since 1964, which was higher than the world market price (see Table 1). The Soviets relaxed delivery com-

TABLE 1:

Pricing of Cuban Sugar Exports to the Soviet Union

Year	Volume (a)	Value (b)	Price Paid (c)	Yearly Avg. Price on World Market (c)	Cost to USSR of Sugar Subsidy (d)
1960	1,467	93.4	3.21	3.15	1.94
1961	3,345	270.4	4.00	2.70	95.87
1962	2,233	183.6	4.13	2.78	66.46
1963	996	123.2	6.22	8.29	45.45
1964	1,859	222.7	6.00	5.72	11.48
1965	2,330	273.4	6.00	2.03	203.93
1966	1,841	225.8	6.11	1.76	176.55
1967	2,479	302.3	6.11	1.99	225.17
1968	1,749	212.7	6.11	1.12	192.41
1969	1,332	161.9	6.11	3.38	80.17
1970	3,000	364.3	6.11	3.69	159.72

(a) thousand of metric tons; (b) millions of rubles; (c) cents per pound; (d) millions of US dollars.

Source: Goure and Weinkle, "Cuba's New Dependency," *Problems of Communism*, Vol. 21, no. 2 (1972), p. 74.

mitments, allowing Cuba to sell more in convertible currency markets. Also, Soviet ships were carrying out an uneconomical trade with Cuba, transporting some 7.8 million tons to Cuba in 1969, but returning with only 1.3 million tons of cargo from Cuba.⁴² Together with the huge costs borne by the USSR in underwriting the Cuban economy, the above features indicated that the Soviet interest in Cuba was primarily political, with economic dependence serving as a mechanism facilitating political influence and ideological coalescence. We will return to this point in the last section.

In the 1970s Cuba's debtor position worsened despite examples of Soviet flexibility in repayments of principal and interest. Towards the end of 1972 Castro negotiated new long-term economic agreements in Moscow. Cuba's debt was deferred to 1986, after which it would be repaid, interest-free, over 25 years. New credits provided to cover trade deficits for 1973–75 were also to be repaid without interest after 1986. The USSR also agreed to pay 11 cents per pound for sugar, which was 2 cents above the world price at that time. As a result Cuba's trade with the USSR more than doubled between 1972 and 1974. In the latter year the USSR provided 48% of Cuba's imports.⁴³ The Cuban economy was virtually mortgaged to the USSR until 1986. Extra agricultural and industrial capacity

will have to be developed if Cuba is to stand any chance of making repayments. The agreements also prevented Cuba from making inroads into the accumulated debt by selling sugar on the world market in 1973–75. Even when in 1974 the Soviets agreed to pay 20 cents a pound, this was well below the world market price which peaked at 66 cents in November 1974, and averaged 30 cents throughout the year.⁴⁴

Planning, Economic Calculation, and the Cuban Road to Socialism

In this section the internal structure of the Cuban economy between 1963 and 1973 will be described. First, the role of Soviet bloc plan design, advice, and administration in crippling Cuba's attempts at industrialization will be discussed. The second part will deal with the debate between Guevara and the National Institute of Agrarian Reform (INRA) on forms of calculation and enterprise organization and how Guevara's anti-Soviet position represented the final act of resistance to Cuban integration with the Soviet economy. Finally, Cuba's internal economic reorganization under the direction of the Soviet Union will be documented. Following on the return to sugar, the adoption of Soviet practices in economic management, planning, and work incentives was the final step before entering COMECON.

Failure of planned industrialization

A central aspect of the return to a monoculture economy and reliance on the patronage of the USSR was a debate over the methods of planning and organization of production to be adopted in Cuba. This was really a debate over the Soviet model and its applicability to Cuban economic development, with Guevara leading the defence of a "Cuban road" with "socialist humanism" at its center.

As early as 9 February 1963, Guevara addressed himself to the implications of the swing to sugar for Cuba's economic structure and relationship with the USSR. Monoculture sugar production was made necessary by trade agreements with the Soviet Union and the need to overcome Cuba's indebtedness:

... we are condemned, or simply forced – and it is the same thing – to produce sugar for many years yet in order to maintain our export balance and thus acquire the many products we need from abroad. In today's newspapers they tell about the long-term credit that the Soviet Union has extended us. What is this credit for? It is not for building

industries. . . . It is to pay the existing deficit with the Soviet Union. In other words, to pay off all that we owe the Soviet Union for having purchased more than we delivered. How did this happen? . . . there was not enough sugar . . .⁴⁵

In October 1963, Guevara pointed to some of the main causes of Cuba's failure to industrialize and diversify her economy during the First Five Year Plan, which contributed to the return to sugar and greater dependence on Soviet bloc markets and aid. He suggested that Soviet and Czech advice and plan design were crucial to the failure of diversification:

We have copied, automatically, from the experiences of brother countries, and this was a mistake . . . which slowed down the development of our forces and contributed dangerously to the development of one of the phenomena which we have had to fight a great deal during the socialist revolution: bureaucratism.⁴⁶

Castro also criticized the bureaucratic and hierarchic practice of planning and economic organization introduced with the assistance of Soviet advisers. Here Soviet and Cuban practices converged, for the Cuban revolutionary movement had always relied on a combination of oligarchic leadership and Castro's charisma; there were only under-developed mediating institutions and there was no commitment to a "mass line". Castro's criticisms of the industrialization drive included the absence of sufficient contact with the masses, bureaucratic decision making, and the reliance on figures and concepts developed in the USSR, rather than looking at "how the Cuban economy was actually working".⁴⁷ Economic agencies were created with the assistance of Soviet bloc technicians. At the end of 1960 a Czech delegation arrived to help the Cubans develop economic planning and enterprise organization. Lectures and discussions were held by the Czechs and attended by representatives of Cuban economic agencies. Boorstein, who was employed by the Cuban government at the time remembers:

The planning models used in Czechoslovakia were presented as immutable and fully applicable everywhere. The Czech organizational forms required a large number of trained people. . . . But the absence of trained personnel was ignored. There was . . . no attempt to work out organizational forms which took the number of trained people realistically into account.⁴⁸

The arbitrariness and damage caused by Soviet bloc recommendations was illustrated by the refusal of Czech planners to accept a Cuban suggestion to establish a system of warehouses at ports, simply because Czechoslovakia did not have any. The fact the Cuba was an island and that confusion and bottlenecks would occur was neglected: Czechoslovakia received imports by rail and they were delivered close to the point of use.⁴⁹ Boorstein concludes that the key failing of foreign advice could be traced to the fact that by

Placing of all emphasis on the formal methods of planning, the visiting technicians made no attempt to isolate and grapple with Cuba's concrete economic problems. . . . No one touched on the problems of tailoring programs and goals to resources.⁵⁰

Soviet bloc advisers had the decisive say when differences arose with Cuban representatives. For example, Soviet advisers insisted on filling all the job openings in the Price and Market Division of the Ministry of Foreign Commerce, even though there were no qualified people available. As in the case of the Price and Market Division, many segments of economic agencies existed only on paper. The result was to bloat the bureaucracy and create few policy inputs.⁵¹ Whenever Czech or Soviet organizational forms seemed inappropriate, Cuban technicians did not have the confidence to interfere, "especially since the Czech technicians discouraged such action".⁵² Lack of statistics meant that cost estimates, production goals, and factor allocations could not be made. Bureaucratism and formalism pervaded economic agencies as planning forms were followed which were meaningless in practice.⁵³

Industrialization was also hampered by the nature of the plant and equipment purchased from the Soviet bloc, and the way capital goods and complete factories were constructed. In addition, many products of Soviet built factories could not be used in Cuban industry, or were obsolete in comparison to American goods. Karol detailed some further costs borne by Cuba from Soviet capital exports: time was not taken to gather all the relevant details before making decisions or ordering equipment; machines, raw materials, and entire plants were delivered only to be found inappropriate for use in Cuban industry. This capital equipment could not be returned, nor were payments refunded. In meetings at the Ministry of Industry, Guevara criticized the lower productivity of labor in Soviet bloc factories in comparison to American ones.⁵⁴ Old Popular Socialist Party members criticized "that leftist" Guevara, especially when he made comments such as this veiled criticism of the USSR: "A develop-

ing country must never import obsolete equipment; for this means mortgaging the future and sacrificing long term needs.”⁵⁵ Guevara had advocated caution due to inadequate labor discipline, poor statistics, and lack of experience in economic management by party cadres. Rising demand and incomes, in the face of constricted supply, led to rationing.

Finally, the Soviet advisers and the Soviet model of rapid industrialization, combined with the optimism of the Cuban regime, led to over-ambitious development goals. A complaint made by Soviet bloc advisers was that the Cubans presented them with incomplete data. Information on labor availability, mineral resources, and soil quality was not available. The Cubans expected miracles and quick solutions to problems which Soviet bloc technicians could not provide. The objectives and methods of the Cubans were very important in the failure of the diversification plan. But in many cases the bloc experts could have done more to obtain correct information and adapt their procedures and methods of planning to the specific requirements of Cuba. Often when crises occurred advice was sought in Prague or Moscow, and it invariably arrived far too late. This was inevitable given the bureaucratic torpor of economic planning in the Soviet bloc.⁵⁶

Soviet bloc advisers were carrying out their roles in Cuba in the same way as they had in their own countries. Soviet bloc plan design, technology, and organization were relocated in an underdeveloped economy with far more limited resources and a fragile growth potential.⁵⁷ Any increase in industrial production was due to the greater utilization of existing capacity rather than the setting up of new factories. In August 1962 Castro spoke before the National Production Conference. His report painted a dismal picture – only ten new factories had yet been built. Twenty factories were to be built, but Cuba had made little progress in replacing imports with domestic manufactures.⁵⁸

Priority for heavy industry and light manufacturing lasted from early 1961 to 1962. Attempts at agricultural diversification were also abandoned by the end of 1963. This could be traced to the fact that agricultural production increased by only 10% in 1959–61, whereas wages had increased by 60%. The result was accelerated inflation and the need to import food and consumer goods. This in turn led to a deepening of the trade deficit and the need to resort to sugar exports to meet the deficit. Absenteeism was high in the rural sector, and the productivity of a work day in agriculture had fallen by half between 1958 and 1963. In 1963 harvests had fallen by 50%.⁵⁹ As in industry, plan design, administration,

and management were central causes of disarray in agriculture. Dumont's observations of the National Institute of Agrarian Reform (INRA) and state farms document confusion, contradictory orders flowing from different agencies, and some areas being ploughed and not sown with crops due to bottlenecks. These were but a few of the problems.⁶⁰

Failure of diversification and industrialization was of a different nature from that which developed under US domination. It could be argued that the Batista government was an intermediary, a comprador agent, which met the needs of US transnational corporations, and as a consequence reproduced a skewed industrial pattern, which either complemented monoculture sugar production or manufactured luxury consumer durables. In the case of Havana's relations with the Soviet Union the failure of industrialization and diversification was due to a combination of the bureaucratic, formalist approach of Soviet bloc advisors, the inappropriate plant and technology purchased by Cuba, and the hasty, naive policies of the Cuban government. To the extent that bargaining occurred over the nature, cost, and design of Soviet plants and industrial projects, Cuba was at a disadvantage for two reasons: there was no other country willing to establish public sector heavy industries, and US corporations had never been interested in such a development; and Soviet state organizations were determined to extract the maximum commercial advantage by overcharging, exporting inappropriate and at times obsolete equipment, and centralizing much of the designing and equipping of plants in the Soviet bloc. A monopoly over the knowledge required by the Cubans in order to negotiate costs and patterns of construction was held by Soviet enterprises. Such a bargaining state-to-state relationship was uncharacteristic of the old US imperialism.

Debate over a Soviet model in economic forms of organization and calculation

Between 1963 and 1964, Che Guevara and his critics were engaged in a debate over policy in three major areas: how to lift labor productivity; the combination of central planning and decentralized decision making; and, simultaneously, how to build socialism and a socialist culture. This debate took place in the period following the failure of industrialization and diversification. It represented a choice of the degree of integration between Cuba and the USSR, given the move back to monoculture sugar production. Guevara and his supporters were planning a distinctive Cuban road in terms of economic forms of calculation, organization, and management. It was assumed that this road could be followed despite

dependence on the USSR, and the implicit criticism of different forms in the Soviet Union represented by the Cuban model. In June 1963, Guevara pointed out that the Soviet model calculated economic output in “financial terms”. Loose ties between enterprises produced “self financing enterprises” clustered around a central bank. Loans from the bank to individual enterprises had to be repaid with interest. Material incentives were used to maximize labor productivity. Cuba would develop

... more advanced methods of centralization which would not be unusually bureaucratic. . . . Under our system the banks will supply the various enterprises with an amount of money determined by the national budget, free of interest, since credit relations do not exist in these operations.⁶¹

In addition, he argued that needs, not profits or marketability – the law of value – should be the criterion for deciding what is produced. This implied a criticism of the new centrality given to sugar, which was based on the income to be derived from exports.⁶² Finally, it was pointed out that the “common denominator” for socialist construction is “increased productivity”.⁶³ Falling productivity and absenteeism had been major problems in the economy and symptomatic of high levels of underemployment.⁶⁴ In this regard there was nothing “utopian” or “voluntarist” about his thinking. However, his centralized planning gave little scope for self management.

In Guevara’s opinion, problems of economic calculation and forms of organization were enmeshed with diversification and the role of sugar exports to the USSR. In mid 1963, in a speech delivered at a seminar in Algiers, he developed several interrelated themes. First, he made a self-criticism on behalf of the Cuban leadership by pointing to the “exaggerated exactitude” with which “techniques of planification” were copied from the USSR, and that too many “snap decisions” were made.⁶⁵ Second, he identified monoproduction of sugar as central to the dependence and poverty of pre-revolutionary Cuba. This was complemented by the fact that the “technical cadre was trained in the United States and was influenced by their techniques. [Cuba was] A country without industry, without agricultural development.”⁶⁶ Given his comments about the damaging effects of Soviet advice and technical aid, and his reference to Cuba’s sugar-based alignment of trade towards the Soviet bloc, which represented 75–80% of trade, Guevara was drawing parallels between Cuba’s traditional relationship with the US and her new relationship with the Soviet Union. He concluded that “the monoproduktive structure of

our economy has not improved after four years of revolution.”⁶⁷ In addition, the same speech made reference to the existence of “two systems, each of which has its partisans and which are entrenched in different branches of the economy,” including

. . . the financial self-administration, and which in the USSR is called Economic Calculus. There the government enterprise administers its own financial means and is financially controlled by the Central Bank. The other system is called Budgetary Calculus, where the enterprise has no capital and is nothing more than a specialist in its administrative area, having to deal through the finance minister, who in turn, deals through the National Bank . . .⁶⁸

In February 1964 Guevara launched into a defense of the “budgetary system of financing” which operated only in enterprises under the Ministry of Industry, and a critique of the Soviet Economic Calculus. He also raised the question of moral or ideological incentives as opposed to material incentives in production.

The “economic calculus” or “economic forecasting” borrowed from the USSR was in use in the majority of Cuban enterprises, together with material incentives or “self motivation”. These enterprises were under the direction of the National Institute of Agrarian Reform (INRA), directed by C. R. Rodriguez, a leading exponent of Soviet economics and an advocate of integration with the Soviet bloc. INRA administered the agricultural sector which included sugar. Self financing, business accounting, decentralization, and commodity exchange of products were central features of the economic calculus. Rodriguez himself did not play a prominent role in the debate and wrote only one article on the subject in October 1963. In it he defended “business accounting” and criticized budgetary financing as “bureaucratic centralization”. It was left to the French economist Charles Bettelheim, who was an adherent of the Soviet model at that time, to take up the theoretical cudgels for Rodriguez and his supporters in Cuba and the Soviet Union.⁶⁹

In his paper, “On the Budgetary System of Financing,” Guevara attacked the Soviet approach without overtly declaring it as representing a “capitalist road” or “state capitalism”. He saw it as a case of different *means* used to attain the same *end* – socialism. But it became increasingly clear that what was at stake was the end one was pursuing, for the means chosen would shape the goal eventually attained. This emerges when Guevara details the contrasts between the two approaches.⁷⁰ While cal-

ling for the gradual elimination of material incentives which are symptomatic of capitalism, Guevara admitted that his group did not have a “well-defined idea of how to treat material incentives in a collective manner”.⁷¹ He then discussed the role of the law of value under socialism, pointing to

... a profound difference . . . between the conception of the Law of Value (and the possibility of its deliberate use, posed by the proponents of economic forecasting), on the one hand; and on the other, the conception we have.

Guevara quoted from the Soviet *Manual of Political Economy*. It described how production for profit, the law of value and money, would disappear only with the attainment of communism. In the process of reaching communism it was necessary to attain certain material conditions and for this purpose one could “develop and use the Law of Value, as well as the monetary and commercial relationships”.⁷² Guevara was very critical of the *Manual* as an example of Soviet theory and practice. It was clear that his differences with Rodriguez and INRA were also differences with Cuba’s Soviet mentors:

Why develop? We can understand that for a certain time the categories of capitalism will be retained and that this period of time cannot be ascertained beforehand. . . . The tendency should be . . . to eliminate the old categories as vigorously as possible. These include the market, money, and consequently the motive force of material incentives, or rather, the conditions which bring the categories into being.⁷³

Guevara appealed for a socialist trade pattern that would “permit the financing of industrial investments in the developing countries.” This would lead to a “more even advancement of the whole socialist bloc,” overcome differences between members of the bloc, and give “greater cohesion to the spirit of proletarian internationalism.” Coming at a time when the USSR had led Cuba into monoproduction of sugar, this constituted a barely concealed attack on the Soviet Union. The debate was as much about relations with the USSR, as it was concerned with methods of economic organization for Cuba. Castro allowed these conflicts to continue until mid-1966, when he opted for a modified version of the Guevarist position. It was only with the failure of the 10 million ton zafta that Havana retreated to the Rodriguez position. In a number of speeches and interviews Castro endorsed the views of the supporters of Guevara and the Ministry of Industry.⁷⁴ As well, he pointed out that those most

anxious to see the Cuban road lead to disaster were the “micro-faction,” already purged as Soviet agents and subversives.⁷⁵

Triumph of the Soviet model and integration with COMECON

Speeches by Rodriguez and Raul Castro on the 55th anniversary of the Bolshevik revolution signalled Cuban acceptance of Soviet conceptions of economic planning and management.⁷⁶ Both officials singled out for attack ultra or super revolutionaries, who were leftist in form but agents of imperialism in essence; they had criticized the abandonment of the Cuban model and Cuba’s acceptance of Soviet practices. The Soviet Union was said to have made possible the survival of socialism in Cuba.

In his speech Rodriguez quoted selectively from speeches and interviews by Guevara on his return from a visit to the USSR in 1960. Guevara was said to have held in high regard the material progress towards socialism in the USSR and to have admired “Soviet man” as a model for emulation. Rodriguez reminded his listeners that it was the impeccable Che who said that nowhere in the world did individual freedom exist as completely as in the USSR. Speeches by Fidel Castro made during his visit to the Soviet Union in 1972 to attend celebrations for the anniversary were also quoted from – his adulation of the material transformation underlying Soviet progress towards “communism” and “Soviet man”. A picture was drawn of Guevara, Castro and the PCC (Partido Comunista de Cuba) as close followers of “Marxism-Leninism” as developed by the CPSU. Rodriguez’ view of Guevara was reproduced in *Granma* in mid-October 1972 in a paen to the dead revolutionary.⁷⁷ Indeed, the last six months of the year witnessed a mounting crescendo of praise for the Soviet Union – anti-Sovietism was anti-communism. Castro’s speech at a meeting of the Central Committee of the CPSU was reproduced. In this speech Castro used the term “multinational state” to refer to the “socialist camp” and again affirmed the indispensability of Soviet aid for the success of the Cuban revolution.⁷⁸

All steps were being taken to meet the inevitable accusations that Cuba had substituted Soviet for US imperialism. Great attention was paid to the poet N. G. Guillen, who was awarded the Red Flag of Labor by the USSR for his poem “Soviet Union,” which was widely circulated in the Cuban media. It included the following:

I have never seen a Soviet trust in my country,
Or a bank,
Or a naval base.⁷⁹

As suggested, Rodriguez was leader of a group of pro-Soviet cadres down from the old PSP (Partido Socialista Popular). His career was a barometer of Soviet influence in Cuba.⁸⁰ For example, in 1965 when Castro chose a course between Guevara and Rodriguez, the latter lost his position as president of INRA. At the same time Castro reduced the power and functions of the Central Planning Board (JUCEPLAN). The economic breakdowns in Cuba in 1970 led to increased Soviet pressure for more rationalization and a technical approach to planning.

In late 1970 Castro announced the formation of a Center for National Computation and Applied Mathematics (CEMACC). On December 9, 1970 Rodriguez was in Moscow to sign an agreement for the creation of a Cuban-Soviet Commission for Economic, Scientific and Technical Collaboration. Prior to signing Rodriguez had a meeting with N. Baibakov, head of GOSPLAN, and V. N. Novikov, Vice Chairman of the Soviet Council of Ministers, who signed on behalf of the USSR. Rodriguez also met with Brezhnev to consider "urgent international problems". This referred to questions of diplomacy over which Cuba and Moscow had had major disagreements, and to which we will return later.⁸¹ Baibakov visited Havana in 1971 and advised the Cubans on how to improve their use of Eastern bloc equipment. Rodriguez led a Cuban delegation to Moscow in 1972 for the second meeting of the Cuban-Soviet Commission. It was agreed that the USSR would supply Cuba with an electronic computer for planning use. The Commission was the major mechanism for co-ordinating the plans and economic development of the USSR and Cuba. In 1972 Rodriguez stated that "there is not a single sector of our national economy which is to any degree important in which this co-operation [with the USSR] does not already exist or is not planned."⁸²

Soviet planning specialists also arrived in Cuba after the agreement had been signed in 1970. They constructed Cuba's long-term planning apparatus and had an open commission to oversee the development of all areas of the economy.⁸³ The role of the commission in facilitating the integration of planning agencies was described in the article. Echoing the statements of Novikov, Rodriguez pointed out that during the first session the commission would look into co-operation in the development of nickel production, irrigation, power generation, and the manufacture of mechanical cane harvesters in Cuba.⁸⁴ In addition, Novikov pointed out that "one of the fundamental problems of the session was the examination of the fulfillment of commercial contracts between the two countries in the past two years and at present."⁸⁵ At the fifth session the details for the expansion of collaboration in the sugar and petroleum industries,

farm machinery building, power engineering, and nickel processing were agreed to.⁸⁶

In July 1972, Rodriguez announced Cuba's entry into COMECON, and application for membership of the Intergovernmental Commission of Socialist Countries for the Development of Electronic Computation. Cuban investment in computer science grew in the 1970s and more Cuban specialists were trained in the USSR. In early 1974 Rodriguez stated that JUCEPLAN and GOSPLAN were co-ordinating the Five Year Plans of the two countries for 1976–1980. The Cubans promised to introduce more stringent accounting controls, economies, and improved productivity in return for the aid.⁸⁷

There were two main aspects of this increased “efficiency” which represented the replacement of the Cuban with the Soviet model. First, there was an effort to improve capital efficiency by increasing productivity and discipline, and reducing waste. Excessive confidence in spontaneity was criticized and calls made for a return to labor norms to lift productivity. In 1972 employment was reduced by 1% and productivity lifted by 21%. Workers were being retrenched to improve the utilization of capital.⁸⁸ Second, a decisive weight was given to personal material incentives as opposed to collective political and ideological incentives. This implied a priority for individual motivation rather than collective motivation. “Possessive individualism” had come to be regarded as the most effective way of increasing labor productivity. The problem with collective ideological incentives was that they usually took the form of free social services and were not closely linked to individual labor productivity. Now consumer durables allocated to individual enterprises by the Ministry of Domestic Trade would be allocated to individuals in a plant by a committee of workers and management according to fulfillment of quotas or individual labor performance, rather than need.⁸⁹

The key factor from the viewpoint of socialist construction was the “collective” as opposed to the “personal” nature of the incentive system. There are several major differences between these systems.⁹⁰ In the first place, by definition collective rewards for work would reinforce solidarity and a “co-operative spirit” among workers. Personal incentives would fragment workers as they would see their personal well-being as different from and even opposed to the well-being of their fellows.⁹¹ Second, with collective incentives productivity would depend on the morale of the direct producers, their conception of the social utility and national purpose of their labor. Under personal incentives workers

... could be disciplined by the direct connection between work and wages ... Moreover, an understanding of the work process and its social significance, beyond that necessary to carry out the assigned task, would hardly be relevant.⁹²

Finally, the collective approach would require the politicization of the work force, and a level of knowledge and involvement not required under a system of personal incentives. The latter “not only makes possible the separation of the masses from decision-making processes, but actually depends upon that separation.”⁹³

MacEwan feels, however, that personal incentives are of “limited importance” in Cuba, although “widely used” [sic].⁹⁴ He feels that collective incentives constitute the basis of Cuban socialism; Castro’s speech to the trade union congress in November 1973, its emphasis on “efficiency” and the need for a “more thorough connection between an individual’s work and his or her remuneration” is described as a “tactical retreat”. As for the USSR,

... it seems likely that the close relationship with the Soviet Union, not to mention the considerable aid that Cuba receives from that relationship, strengthens the forces in Cuba that would like to see the country move away from its heavy emphasis on collective incentives.⁹⁵

It seems that collective ideological incentives are doomed, removed at all but a rhetorical level.

A massive attempt to rationalize sugar production was undertaken. Mechanization was seen as the key method for overcoming falling productivity. This would be dependent on Soviet technology; Cuba would be assisted in manufacturing improved versions of the Libertadora and Henderson cane cutting machines, and the USSR would also supply Cuba with the KTP-1 jointly designed by Soviet and Cuban engineers. A factory manufacturing KTP-1s was built in Cuba, but spare parts and components would continue to come from the USSR. Thus the factory was more an assembly plant, rather than a production enterprise. Soviet-designed loading machines and procurement centers continued to be supplied.⁹⁶ An example of Cuban thinking can be found in a speech on rice production by Castro in January 1966:

To become self-sufficient in rice ... we would have to use 330,000 more acres of irrigated land and invest in them our scarce water

supply. . . . Undoubtedly, it wouldn't be convenient for our country to stop producing one and one half million tons of sugar, which is what we would produce on 330,000 acres of irrigated land planted with sugar cane, and which would increase our purchasing power abroad by more than \$150 million, in order to produce on this land with the same effort, rice valued at \$25 million.⁹⁷

There were major weaknesses in this approach. Since the Soviet bloc would purchase most of the sugar and pay for it with exports of often overpriced plant and equipment, or merely as repayment for Cuba's growing debt, there would be little growth in earnings of foreign exchange. Although diversifying agriculture towards food production for domestic consumption as well as export, and building some manufacturing industry, would be slow and "inefficient" in terms of the world market or criteria of profitability, it would strengthen self-reliance and political independence. And these were important political nationalist objectives of the revolution. Finally, this decision to favor sugar rather than rice was based on criteria of "profit" and "comparative advantage," rather than what was needed for a politically independent Cuba. More has been said about this in the first section of the paper.

In practice the Soviet bloc was the "world market" for Cuba and trade agreements; aid and the debt to the Soviet Union were major reasons for the maximization of sugar production, at the expense of other sectors of the economy. For the Soviets, maximum output of sugar was equated with the efficient use of resources. However, in 1965-66, sugar production, which had been declining since 1960-61, had reached a level lower than in the period before the revolution. Mesa Lago has shown that output of commodities such as eggs and fish largely for domestic consumption and involving small groups of skilled and disciplined workers increased more rapidly than sugar. In addition, during Guevara's period of central planning, "budgetary calculus," and primacy for moral and ideological incentives, industry performed better than agriculture. For the period to 1970, Mesa Lago's calculations have shown that "Cuban performance in the mining-manufacturing sector is contradictory, but better than in agriculture."⁹⁸ So in terms of comparative production increases and output there was little justification for the swing to sugar.

As far as wages are concerned, the Cubans abandoned the policy of attempting to reduce wage differences and moving towards egalitarianism. Personal material incentives were part of a package which included the cultivation of wage inequalities, and were used to lift labor productiv-

ity (real product per man hour of work), curb absenteeism, and improve discipline. In a speech late in 1970 Castro outlined three sets of “realistic measures”. We have already mentioned the first – wage differentials and personal incentives, supported by proponents of the Soviet model during the great debate in 1963–65, but not implemented in 1965–68. It was now felt that unequal wages were necessary to obtain a maximum labor effort from those with greater skills or harder and more responsible jobs; i.e., managers, foremen or leading hands, technicians, and intellectual workers. Low levels of inequality are essential for the operation of collective ideological or political incentives. However, high levels of inequality are compatible with a system based on personal material incentives.

Second, Castro indicated a reduction in the money supply in 1971. For the material incentives to work it would be necessary to overcome a situation where too much money was chasing too few goods and services. This was necessary if inequalities in pay were to have some meaning, where only those on the higher levels of income would have the purchasing power to buy certain goods and services. As a consequence he announced increases in the price of cigarettes, beer, and water and electricity rates. The abolition of household rent and the increase of the lowest wage level promised in 1968 were both postponed.

Third, output standards were changed in a way that reflected the views of the Rodriguez group during 1963–65, but neglected until the end of 1968. Workers displaced because of the change of output standards would be employed in labor brigades in the housing industry. Houses would belong to the enterprise in which the worker is employed. The overall aim was to give management the power to carry out changes in production processes even if they might lead to retrenchments of workers.⁹⁹ It was only fitting that Rodriguez should play the leading role in implementing these policies. His particular innovation was the introduction of piece-work payments based on a progressive scale.

Workers had not shown any marked interest in personal material incentives in the past. During the 1965 and 1966 sugar harvests trips to resorts in Cuba and the USSR were offered, together with houses, automobiles, refrigerators, and other consumer durables. However, only 20% of the workforce participated in this competitive program, and only 1.7% of workers obtained any benefit from it.¹⁰⁰ The degree of stratification emerging from the graduated wage scale as between the lowest and highest has been estimated to be as high as a ratio of 1 to 15.¹⁰¹ Resolutions at the Congress of the Central Organisation of the Cuban Trade Unions

pointed to the need to strengthen the powers of management if the new system for savings, improved work discipline, and increased productivity was to function effectively.¹⁰²

The new economic system implied a separation between conception and action in the labor process. Decisions as to what was to be produced, how, and when would be in the hands of management and the planning apparatus. Work would be fragmented into the most efficient division of tasks. Piece-work, material incentives, and work discipline cards would all curb what Taylor called "soldiering". Absenteeism would fall, productivity would rise. During his main report at the Congress of the PCC in early 1976, Castro pointed to the "mistakes" of Cuba's leaders in economic planning and management. This was traced to "utopian attitudes," "chauvinism," and the "petty bourgeois spirit" of the PCC which had led to a rejection of "the practical experience of other socialist countries". Whereas once cost-effectiveness, profitability, and monetary transactions had been identified with capitalism, now

. . . money, prices, finances, budgets, taxes, interest, and other commodity categories should function as indispensable instruments to allow us to measure the use we make of our productive resources and to determine to the last centavo, how much we expend on each one of our products; to decide which investment is the most advantageous; to learn which enterprises . . . perform best, and which perform worst . . .¹⁰³

Maximization of unrewarded surplus would have priority over political development of the working class. Soviet requests were complied with because of Cuba's economic dependence on the USSR.

Political Interests and Ideological Coalescence

In this section Cuba's role in Soviet power politics and diplomacy will be discussed. The missile crisis will be used to illustrate both Cuba's relative autonomy from the USSR and Soviet manipulation of Cuba in its rivalry with America and China. The growing power of former Socialist Party cadres within the Cuban state apparatus and the role of this stratum in mediating and facilitating Cuba's integration in the Soviet bloc will be described. In addition, Cuba's acceptance of Soviet conceptions of international politics and "socialist" strategy against "imperialism" will be surveyed. An explanation for Cuba's theoretical about-face will be traced to economic dependence on the USSR.

Soviet diplomatic interests

After World War II the official policy of the Soviet state saw the survival and growth of the “socialist bloc” as supporting and being reinforced by the “working class movement” in the imperialist camp and the national liberation movement in the Third World. Given the finely tuned balance between the two social systems, the Third World increased its role in shaping the global balance of forces. As one Soviet author has expressed this view in relation to Cuba:

... decisive changes have taken place in the relation of socialism and capitalism, which have produced a new stage in the development of world revolutionary forces. More than this, during this third stage, the chain of imperialism has again been broken – in Cuba.¹⁰⁴

The Soviets hoped to use Cuba as a proxy or pawn on the international chessboard, in global political and strategic rivalry. Cuba’s geographic position was used to demand concessions from the US elsewhere; her ideological credentials to support the CPSU in ideological and tactical debates with China. In order to obtain Cuban compliance with Soviet diplomatic objectives it was necessary to control the Cuban economy.

Initially the USSR offered Cuba aid and trade agreements in response to the growing ideological rift with China and the U2 incident in 1960. The Paris conference at which Krushchev hoped to elicit an apology from the US and an undertaking to restrict further breaches of Soviet sovereignty, or at least some condemnation of US behavior from America’s NATO allies, proved fruitless. Peaceful coexistence and detente were robbed of considerable content. Any misgivings over Krushchev’s new diplomatic course within the CPSU leadership were compounded by growing criticism from the Chinese. Deteriorating relations with China had reached the point at which the CPSU had decided to withdraw all economic and technical aid. The Soviet decision to buy all the Cuban sugar embargoed by the Eisenhower administration would be seen as a gesture of internationalism, which would overrule any criticism of the withdrawal of aid from China. It was also hoped that it would show that far from constituting a “renegade revisionist clique,” the CPSU leaders were willing to support national liberation movements fighting for power by means of armed struggle.

Cuba’s role in rivalry with the US emerged during the missile crisis. The Soviet Union hoped to use the withdrawal of the missiles to obtain

concessions elsewhere: to reinforce the USSR's "aura of strength," by forcing the US to guarantee that there would be no invasion of Cuba; to obtain a withdrawal of American missiles from Turkey; to secure US recognition of the existence of two Germanys; and, finally, to both force US adherence to peaceful coexistence and to vindicate this policy in the eyes of Russia's allies and critics by obtaining a grand victory over the US in Cuba. Finally, the assertion of Soviet power had a symbolic purpose. Soviet-controlled missiles in Cuba, just as the presence of the Soviet navy in the Indian Ocean, Mediterranean Sea, or Persian Gulf, displayed Soviet authority. Their removal would only partially affect US security, but it was of great importance to the American government and public sense of security and impregnability that such menacing weapons not be found in geographically proximate Cuba.

Two aspects of the Cuban-Soviet relationship emerged clearly: the Soviet Union's determination to maximize its interests to the point of not consulting Havana over decisions it was making with the United States in relation to the missiles on Cuban soil, and Cuba's great measure of autonomy from the Soviet Union at that time. On October 26, 1962, in a letter to President Kennedy, the Soviet Prime Minister admitted to the presence of Soviet missiles in Cuba. He emphasized that they were under the control of Soviet officers. The implication was that only the Cubans would use them in an irresponsible way and that Havana would have little say as to their use.

The Cubans, who were disappointed at their exclusion from the negotiations between the Soviets and the Americans, shot down a U2 as a gesture of defiance to both superpowers. Krushchev sent two letters to Kennedy on October 27 and October 28. These letters show how Cuba was being used as a pawn in negotiations between the superpowers over the location of nuclear weapons and the Soviet Union's disregard for Cuba's rights as an independent nation. The first letter offered a Soviet removal of missiles from Cuba in return for reciprocal action by the United States in Turkey. The second contained a Soviet agreement to the dismantling of the bases in Cuba under international control. In return the United States was to promise not to invade Cuba.

It was important that the USSR not emerge as an irresponsible and adventurist state, so the official Soviet position was that Cuba had requested the missiles to meet an imminent American invasion. However, on two occasions in 1963 Castro suggested that, far from requesting the missiles, the Soviets had pressured the Cubans into accepting them. The

whole imbroglio was triggered by the arrival of Krushchev's son-in-law Adzhubei in Cuba after a visit to the US. Adzhubei pointed out to the Cuban leaders that President Kennedy was planning to invade the island; Kennedy had emphasized that the US had taken no action during the Soviet invasion of Hungary in 1956. It was in response to this information that Havana asked that the USSR do whatever would convince the US that an invasion of Cuba was "tantamount to an attack on the Soviet Union". The Soviets replied that conventional weapons would not be enough, and that the missiles would be the sole guarantee.¹⁰⁵ At a later stage Castro emphasized to Karol that "the initiative had come not from him but from Krushchev."¹⁰⁶ Indeed, Krushchev knew that the United States was not planning an invasion. From the start the two superpowers were working in close collaboration. For example, foreign minister Gromyko had visited Washington on October 18, 1962, giving assurances that he was in no position to give, that Cuba had no interest in exporting revolution and favored peaceful coexistence, a view reinforced by the statements of the Soviet ambassador to the US Dobrynin.¹⁰⁷

Why did the Soviet leaders lie about an imminent invasion? Krushchev was facing economic problems at home, a deepening rift with China, and growing criticism of his policy of peaceful coexistence and detente. He was determined to get Americans to accept detente and to work for it by posing a military threat at their very doorstep. Also, he hoped to use the missiles to obtain recognition of East Germany and the end of the blockade of Cuba.

On October 29, 1962 *Revolucion* announced that the missiles would be removed. Castro's list of conditions for a fair settlement were also published. The Cuban conditions would not allow the international inspection and control over the dismantling of the missile sites promised by the Russians. There was a possibility that the Soviets would make Cuba obey by withholding raw materials or technical aid. But Castro was determined to avoid a repeat of the events following the expulsion of American interests. Cuba still needed the Soviets.¹⁰⁸ The Soviet leaders were also dependent on Castro, for only he could verify their view of the origins of the crisis. In addition, Cuba's economy was not as yet dependent on the Soviet bloc. When *Le Monde* published the interview with Julien in which Castro cast doubt on the Soviet version, he was summoned to Moscow. For some time Cuba had been negotiating for Soviet aid to pursue her economic and political objectives. Now the Soviets agreed to Cuba's economic demands, ending the bargaining over trade agreements. Upon his return to Cuba Castro, now a hero of the

Soviet Union, closed down *Revolucion*, which had been making anti-Soviet statements since the missile crisis, and ended Faure Chamon's attempt to revive the history of the PSP failures during the anti-Batista struggles.¹⁰⁹

In an interview in 1969, Castro stated that Cuba would have “preferred a more satisfactory solution, with the participation of Cuba in the discussion”; that Cuba wanted to retain the missiles for this was its right as a “sovereign country,” the US demands having “curtailed the rights of our country.” Krushchev's behavior was described as a “serious affront” and “high handed”. The superpowers were treating Cuba as they would any “small country”.¹¹⁰ In addition, Castro complained that Havana could not use Soviet-manned ground-to-air missiles to shoot down the U2 aircraft flying over Cuba, even though it wanted to.¹¹¹ In an interview in 1974, Castro changed his position on the missile crisis. This is hardly surprising, given the growth in economic dependence outlined in previous sections. In that interview he stressed that Cuba's militant defense of her sovereignty was demonstrated by the shooting down of a U2 spy plane at the time. He was not critical of Soviet behavior; he admitted that the Russians, not Cuba, conducted the “strategic negotiations”. He explained this as due to the Cuban government lacking “the means”. Castro also gave a different account of Krushchev's role, an account which contradicted his statements at the time, saying that Krushchev

. . . kept us informed of the various steps being taken by the United States and by them. . . . When the final agreement was reached, of course, we were informed by the Soviet Union with coded messages which took a long time because of the distances involved. Due to the lack of time therefore, it was not possible to consult us with regard to the final solution.¹¹²

He also reaffirmed the Soviet story that Cuba had requested the missiles to counter an imminent American attack. The Cuban reactions at the time, however, did not seem to be as understanding. Indeed, Castro walked out of an interview with Mikoyan when he was told that Cuba had not been informed of negotiations because there was no time. Finally, Castro suggested that although his government was “not totally satisfied and . . . enormously irritated” by the decision arrived at by the Russians, “ours was not the correct posture.” He went on to dilute his “differences” with the Russians – they were not over Cuba's sovereignty but “matters of form . . . certain formalities in the conduct of negotiations.”¹¹³

Raul Castro has shown the closeness existing between Cuba and the USSR in the military field:

... from 1959 to 1970 our armed forces have worked in closest contact with Soviet troops. They were the first to train us in contemporary military acts. They were the first to help us organize our armed forces to develop and nurture them.¹¹⁴

Despite the differences during the missile crisis, Cuban officers continued to be trained in the USSR and Soviet military advisers and instructors remained active in Cuba. After Castro's speech endorsing the Soviet-led invasion of Czechoslovakia in 1968, the USSR re-equipped the Cuban armed forces. During Raul Castro's visit to the USSR in April–May 1970, negotiations led to deliveries of 5 A-2 air defense missiles and 25 MiG-21 Fs. Soviet specialists arrived to train the Cubans in the use of the new equipment. Cuba was expected to pay for all military transfers and by 1969 military assistance had peaked at \$US1.5 billion. This amount was absorbed into the mounting debt, and in 1971 it was estimated that Soviet military aid to Cuba was averaging \$US20 million per annum.¹¹⁵

In July 1969 a Soviet naval squadron visited Cuba. Later that year the Soviet defense minister, Marshal Grechko, was in Cuba for discussions. In early 1970 *Granma* reported a speech by Castro responding to an American suggestion that the trade embargo could be lifted if Cuba's growing military ties with the Soviet Union were weakened. Castro emphasized in May that

We shall never break our political ties with the Soviet Union or even what they call military ties. On the contrary, so far as we are concerned we will always be ready to increase our military ties with the Soviet Union.¹¹⁶

The rise of the Popular Socialist Party (PSP) old guard

As the USSR and Cuba came closer together, the PSP increased its influence in the Communist Party of Cuba (PCC), government, and administration at the expense of the July 26th Movement representatives. At the celebrations of the anniversary of the Cuban revolution on July 26, 1970, Castro accepted personal responsibility for the failure of the giant *zafra* and criticized the belief that "miracles" could be achieved. He lamented his "ignorance" and called for new administrative structures and a greater role for experts.

Late in 1971 Kosygin visited Cuba for talks. The Cuban leaders expressed "sincere gratitude" to the USSR for an "invaluable contribution to the accomplishment of the complicated tasks of socialist construction and the strengthening of the country's defence capability." The two sides expressed "complete unanimity" in the evaluation of the "international situation and social development throughout the world".¹¹⁷ Kosygin's visit was reciprocated by the Cubans when President Dorticos visited the USSR in December of the same year. Once again unanimity in the evaluation of world events was expressed. In addition, information was exchanged on the structure and policies of the Cuban and Soviet parties. A joint communiqué stated that cooperation in economic, technical, and scientific activities would be strengthened; trade, which in the period 1966-70 increased by 15%, was expected to grow at a more rapid rate.¹¹⁸

In November 1972 there was a reorganization of the Cuban government apparatus. An executive committee was established over and above the Council of Ministers. Although Castro was president of the executive committee and retained his command of the armed forces and internal security, Rodriguez was appointed Deputy Minister of Foreign Policy with wide powers in all areas of external relations and in the Cuban-Soviet Commission.¹¹⁹ In his speech before the congress Castro drew a picture of the "young communists" in government then, holding high the teachings and practice of the old communist party formed in 1925. This symbolic support for the old PSP was paralleled by an improvement in the power and position of the PSP cadres. The Political Bureau had been expanded to 13 members and included Blas Roca, C. R. Rodriguez, and A. Milian of the old PSP. The Cuban Communist Party had increased its membership to 200,000 and merged with the government. Castro's oligarchic and charismatic method of ruling had been considerably weakened by the party's reorganization around centralist, hierarchic, and bureaucratic structures.¹²⁰

Rodriguez was the key ex-PSP member in the leading bodies of the party and state administration, for he had the approval of both Castro and Moscow. Blas Roca was appointed to the Political Bureau by the congress, as was Rodriguez. Roca had been chairman of the PCC committees which had designed the new organs of "people's power," the 1973 reforms to the legal system, and the new draft constitution. In addition, ex-PSP member Major Flavio Bravo was appointed Deputy Prime Minister in Charge of Consumer and Domestic Trade.¹²¹ Gonzalez has pointed to two elite factions which are limiting Castro's power:¹²² the civilian

and military technocrats and experts, largely trained in the USSR, who have taken on a central role in the formulation of economic policy, and the ex-PSP group around Rodriguez and his ally President Osvaldo Dorticos. Dorticos has overall responsibility for planning (JUICE-PLAN), banking, foreign trade, and justice. However, despite these factional constraints and the new institutional order in party and state, Castro's concentrated powers are formally recognized in the constitution. He remains president, with Raul Castro as vice-president. He remains head of state, head of government, and supreme commander of the armed forces.

The organization of party and government largely modeled on the USSR, the emergence of a technocratic bureaucratic stratum, and the curbing of *fidelismo* were all demanded by the USSR and its representatives in Cuba. Castro's compliance came after the failure of the 10 million ton zafra. He had played a major role in galvanizing the nation around sugar production harvested to cut the Soviet debt, building the basis for Cuba's continued independence and placing her on the verge of socialism. When the target of 10 million tons was not reached, his personal authority was weakened.

This congress, which saw the emergence of the PSP old guard as a powerful entrenched faction in the Cuban party and government apparatus, also called for the "creative" application of "the experiences of the Soviet Union" and approved the 1976–80 Five Year Plan. Apart from suggesting that Cuba's new economy was modeled on the Soviet Union, Castro described the USSR as

... a country that has given us great demonstrations and lessons on internationalism. Despite the distance, it did not permit imperialism to choke us, swallow us and destroy us. It sent us oil when they left us without oil. It sent us arms when aggression was threatened against us. It also sent its men here to this country.¹²³

Forgotten were the withholding of oil to blackmail Cuba in 1968 and the Soviet behavior during the missile crisis.

Ideological conflicts over strategy and tactics of revolutionary change

With Cuba's economic integration in the Soviet bloc, Castro emerged as one of the strongest supporters of Soviet foreign policy. At the Conference of non-Aligned Countries in Algiers in 1973 Castro attacked the

theory of two imperialist superpowers, the United States and USSR, being advanced by the Chinese. As far as Latin America was concerned, no mention was made of armed revolution, no criticisms were made of growing Soviet economic aid and political relations with local oligarchies and dictatorships, and detente was given the stamp of approval.¹²⁴ This was a great change from Castro's speech at the closing session of the first conference of the Organization of Latin American Solidarity (OLAS) in August 1967, when he condemned the aid offered to Latin American oligarchies by "some socialist states". He criticized "dollar loans" and all forms of "financial and technical aid" to any government repressing revolutionary guerrilla movements and supporting "the imperialist blockade against Cuba". He concluded that

. . . if internationalism exists, if solidarity is a word worthy of respect, the least that we can expect of any state of the socialist camp is that it will lend no financial or technical assistance of any type to those governments.¹²⁵

In addition, Cuba criticized the strategy and tactics of a number of Latin American communist parties and their support in theory and practice of the Soviet inspired policies of peaceful coexistence and peaceful, parliamentary transition to socialism. The Cubans counterposed their own model of armed struggle based on the rural peasantry.

At a meeting in Prague in May 1967, the pro-Moscow communist parties from Latin America denounced the forthcoming OLAS conference as divisive and defended the Venezuelan party, which had come under attack from Cuba. The Venezuelan party had expelled and interfered in the activities of those of its members wishing to take the Cuban road of revolution. In defending the Venezuelans they were defending a wider trend among pro-Moscow parties.¹²⁶ A resolution passed by OLAS under Havana's initiative condemned the Venezuelan leadership as "opportunistic," "reformist," and "serving the interests of imperialism". This was despite Soviet attempts to head off such developments by publishing an article in *Pravda* by Luis Corvalan, leader of the Communist Party of Chile. He called on Castro to cease his interference in the affairs of other Latin American parties, condemned Cuba's line as "adventurism," and called criticism of any fellow communist party "a gift to imperialism".¹²⁷

Castro's closing remarks noted that there was a "fundamental road" and differences were "between those who want to make revolution and those who do not . . . who want to curb it."¹²⁸ The notion of peaceful transition

was rejected as counter-revolutionary in practice, for it could only be a “peaceful transition in agreement with imperialism” and its local allies, which controlled the “means for peaceful struggle”:¹²⁹

. . . those who believe that they are going to win against the imperialists in elections are just plain naive; and those who believe that the day will come when they will take over through elections, are super naive.¹³⁰

The USSR had a number of objectives in Latin America which clashed with those of Cuba in this period (1960–1970). First, the Soviet Union wanted to normalize economic and diplomatic relations with various governments in Latin America. This produced an analysis of these regimes as “progressive nationalist”; they were accelerating capitalist development, eroding feudal survivals and creating the pre-conditions for proletarian revolution. Moreover, close links with the USSR were seen as a sign that the “progressive bourgeoisie” was playing a prominent role in these regimes; Peru, Chile, Bolivia, Ecuador, and Panama were examples. In due course, Cuba would adopt a similar attitude to these countries’ ruling regimes.

Second, armed revolution and the promotion of the Cuban model by the USSR would have limited the Soviets’ ability to attain the above objectives. The Soviet leaders wanted to be free to pursue their great strategic power and political rivalry with the United States in terms of detente and peaceful competition, using aid and trade relations.¹³¹ However, in mid-1969 the Cubans abandoned the position they held at the OLAS conference. When a new military dictatorship had come to power in Peru and some nationalizations of private industry were combined with an agrarian reform, Castro declared that these were “patriotic” and “revolutionary” policies. Unlike his view expressed at the OLAS conference that it was necessary to smash the apparatus of the state before a revolution could be possible, Castro now claimed that a “genuine revolution” was possible even when “those who have promoted that revolution are a group of military leaders, many of them even having been educated in the United States,” for this was “not important”.¹³²

Douglas Bravo, the Venezuelan guerilla leader, flayed the Cuban leaders, accusing them of abandoning fundamental marxist principles and the strategy of armed struggle, in return for economic aid from the Soviet Union. Castro replied on April 22, 1970, in an ambiguous speech. While on the one hand he reaffirmed Cuba’s commitment to armed revolution,

he added that Cuban succour would not be confined to “guerilla movements” but to “any government” setting out to liberate its people from American imperialism “no matter by what path that government has reached power.”¹³³

A further example of Cuba’s retreat to a position approximating that of the USSR can be seen in Havana’s attitude to the Frei Christian Democrat government in Chile. In 1970 Cuba signed a trade agreement with the Frei government. In an interview in Chile in the same year Castro openly contradicted his views on the impossibility of a peaceful transition to socialism through parliamentary institutions, saying that “Right now in Chile I believe that it is possible to arrive at socialism through the polls, that is, by an election victory.”¹³⁴ This theoretical and diplomatic shift was due both to Soviet pressure and a belief by Havana that the guerilla movements in Latin America had been defeated. Non-violent means offered an alternative path for breaching the American-led economic and diplomatic blockade.

At the congress of the PCC in December 1975, Castro moved from an espousal of Cuba’s new “Economic Planning and Management System,” modeled on the Soviet Union, to recognition of the Soviet Union’s right to lead the world “Marxist-Leninist” movement. He now denied any unique, original, or creative application of marxism-leninism by Cuba for a Latin American environment:

Had we been humbler, had we not had excessive self-esteem, we would have been able to understand that revolutionary theory was not sufficiently developed in our country and that we actually lacked profound economists and scientists of Marxism to make really significant contributions to the theory and practice of building socialism.¹³⁵

Soviet approval was illustrated by Brezhnev’s speech during a visit in 1974. He expressed Soviet satisfaction at Cuba’s movement closer to Soviet orthodoxy: “The construction of the party, the state and the economy is being effected with assurance and on the proven basis of socialism.”¹³⁶ Soviet commentators have followed a similar course to Brezhnev’s. Cuba’s ideological orthodoxy appears to be a price she had to pay in return for economic and military aid. Moreover, orthodoxy extends to the levels of party and economic organization. This can be illustrated by examining Soviet responses to the PCC congress in 1975.

The congress was well received in the Soviet Union. For example, an article in *International Affairs* quoted favorably from a congress resolution which stated that “The pivot of the Party’s foreign policy is the unbreakable alliance uniting the parties, peoples and state and government bodies of Cuba and the USSR.”¹³⁷ The article makes several further points. The “inviolable friendship” binding Cuba and the USSR was displayed in the warm reception given to the Soviet delegation at the congress of the Cuban party, and the fact that the provisions of the Soviet-Cuban Declaration, signed by Brezhnev and Castro in February 1974, were being “consistently translated into practice”. Also, it was emphasized at the congress that the parties of both countries “would continue to do all in their power to deepen their co-operation.” The report of the central committee of the PCC was applauded for its declaration that relations between Cuba, China, and Albania, would be only government to government ones.¹³⁸

Much attention was given to Havana’s criticisms of China’s world policy. The Cubans have revolutionary credentials as protagonists of armed struggle in the Third World and it was important that they be used to blunt Chinese criticisms of the USSR as an imperialist superpower led by a “revisionist renegade clique”. The Soviet author singled out positions such as the following for special attention:

The Congress gave its full approval to the condemnation of the Chinese leaders’ policy, made in the document adopted by the conference of Communist Parties of Latin American and Caribbean States in Havana. . .

The Cuban Communists declared themselves categorically in favour of united action by the three main revolutionary forces of today – the world socialist system, the international working class movement and the national liberation movement – to counter imperialism’s general strategy . . .¹³⁹

In a direct attack on the Chinese leadership and its theory of “three worlds,” it was reported that those

infringing upon unity in each of these three main forces and unity between them, the Congress documents state, are objectively playing into the hands of imperialism, regardless of their motivations.¹⁴⁰

Finally, the congress report mentioned that the PCC saw itself as a “modest but reliable detachment” of the Soviet bloc.

As if not to remain completely at the level of integration through the superstructure, some applause was directed at Cuba’s entry into CMEA. As an example of the benefits flowing from such “socialist integration,” mention was made of joint construction of a nickel plant with a capacity of 30,000 tons in Cuba. The Soviet official press had been well disposed towards Cuba since 1973. Earlier assessments had oscillated between the hostile and the ambivalent. With the adoption of the Soviet model in all sectors of polity and economy, and Cuba’s clear ideological and diplomatic compliance, reports and assessments became increasingly positive.¹⁴¹

Cuba’s economic dependence on the USSR has now reached the point at which Cuban troops are waging Moscow’s battles in the Third World. In Angola and Ethiopia, in particular, contingents of Cuban troops have played a key role in the rise to power of the MPLA and the Mengistu military dictatorship. In 1975 there were between 3,000 and 5,000 Cuban troops in Angola; they were equipped with arms shipped directly from the USSR. Castro was helping to pay Cuba’s debt to the USSR: a Third World revolutionary regime would be seen as aiding Angolan comrades. The USSR would keep a low profile, yet develop considerable leverage over developments in Angola. At the same time, Castro hoped to re-establish some credibility for the revolutionary nature of Cuba.

In Ethiopia, Cuba again provides the manpower, and the USSR the arms and equipment. Cuban troops are engaged in battles against both the Eritrean Liberation Front and the Somalis. Cuba has also advanced technical aid to the Mengistu regime. In October 1976, General Mengistu visited Havana and further aid was promised. Some 5,000 Cuban personnel were present in Ethiopia in 1978. Thus we can see that the Cuban proxy has come to play an increasingly important role in the realization of Moscow’s military and strategic objectives in the Third World, and especially in Africa.

Conclusion

The history of Cuban-Soviet relations is one of transition from independence to integration within a Soviet dominated sphere of influence. In the early 1970s the Soviet Union emerged as the dominant political force in Cuba. By 1973 the Cuban economy had been securely subordinated to

the Soviet economy. Also, in the domain of ideology Cuba had come to support the Soviet line on revolutionary strategy and “socialist” diplomacy, and had abandoned the “Cuban road”.

Important contradictions continued to disrupt the unity between Cuba and the USSR at a political level until 1972. With the consolidation of a strong PSP faction within the PCC and state administration, together with Soviet trained technocrats, the Soviet ruling circles had gained influence over the Cuban State. Contradictions persisted with Castro’s faction which, together with the group around his brother Raul, controlled the armed forces.

Cuba’s relations with the Soviet Union evolved in the direction of “asymmetric interdependence,” of dependence, for the following reasons: 1) the ratio of foreign to domestic economic transactions was high; 2) foreign economic transactions were distributed among a small group of countries, the Soviet bloc, which were under the political and economic hegemony of the USSR; 3) the ratio of Soviet to Cuban domestic sources for capital, technology, and factories was high; 4) foreign trade in terms of markets and sources for imports were highly concentrated in the direction of the USSR, although it has become more diversified since 1973; 5) there were limited options for Cuba to diversify so as to replace the USSR with other patrons or to dispense with the particular economic, military, and political resources controlled by the Soviet Union; 6) the economy of Cuba became reliant on the fluctuations of demand in the Soviet bloc and not on the growth of domestic demand, because of the centrality of sugar monoproduction; 7) within the ruling party, government administration, and management of enterprises a stratum allied with and responsive to the Soviet ruling circles was formed; 8) with the coordination of economic planning the development of the Cuban economy was very closely conditioned by and complementary to that of the Soviet Union; and 9) there developed great deficits in the balance of payments because of the rigidities in exports, the terms of trade, and massive imports from the USSR.

Dependence on the USSR was also related to the smallness and isolation of Cuba and her proximity to a hostile superpower, the US. As well, China’s inability to compete with the USSR in providing economic and military inputs reduced Cuba’s capacity to replace the Soviet Union. The US economic embargo also presented Havana with limited options. Cuba was trapped in a situation of bipolar balance in which one superpower was implacably hostile and the other exercised an increasingly inevitable magnetic attraction.

Cuba could not replace or dispense with the Soviet Union. Unlike the US, the Soviet Union's influence was not based on the direct ownership of Cuba's productive resources, on equity interest in enterprises. This was an important reason for Cuba's greater relative autonomy from the USSR than from the US. On many occasions Havana and Moscow coalesced, at times differences arose. The USSR enjoyed a varying capacity to enforce policy changes on the Cuban government. If one general evaluation of the relationship could be made it would be this: in the trade-offs between Havana and Moscow, the Cubans were able to attain their objectives on many occasions by utilizing Soviet aid; the price they paid was to compromise their independence and damage the possibility of a transition to a communist mode of production.

Growing dependence on the USSR led Cuba to adopt a bureaucratic and authoritarian political and economic structure. Divisions between mental and manual labor, between party and masses were widened. "Commandism" triumphed over the "mass-line". Collectivism is confined to formal public ownership of property. In marxism, a basic distinction is made between two modes of production: the capitalist and the communist. "Socialism" refers to the period of transition from the former to the latter. Although the Cuban leadership claims to be pursuing the goal of communism, the road they have taken will not lead them there, but to the type of repressive society we find in the USSR. Cuban economic dependence has enabled the USSR to insert its own particular form of "socialism" in Cuba.

NOTES

1. For this argument see, S. Roca and R. E. Hernandez, "Structural Economic Problems," in J. Suchlicki, ed., *Cuba, Castro and Revolution* (University of Miami Press, Florida, 1972), pp. 67-74.
2. E. Boorstein, *The Economic Transformation of Cuba* (Monthly Review Press, New York, 1968), p. 195.
3. *Ibid.*, pp. 195-196.
4. See *ibid.*, p. 195.
5. W. Klatt, "Reflections on the 1974 Soviet Harvest," *Soviet Studies*, vol. 28, no. 4, (1976), p. 494.
6. See *Pravda*, August 10, 1973 for the recurring problems of the Soviet sugar beet harvest discussed by the Soviet Council of Ministers.
7. Boorstein, p. 199.
8. L. Huberman and P. M. Sweezy, *Socialism in Cuba* (Monthly Review Press, New York, 1970), pp. 77-78.
9. Boorstein, p. 199.
10. See the interview with L. Lockwood in his *Castro's Cuba, Cuba's Fidel* (Random House, New York, 1969), p. 88.

11. *Ibid.*, p. 91.
12. *Ibid.*, p. 92.
13. L. Goure and J. Weinkle, "Cuba's New Dependency," *Problems of Communism*, vol. 21, no. 2 (1972), p. 75
14. Boorstein, p. 199.
15. K. S. Karol, *Guerillas in Power* (Jonathan Cape, London, 1971), p. 41.
16. Cited in *ibid.*, pp. 411–412.
17. *Ibid.*, p. 414.
18. *Ibid.*
19. Cited in *ibid.*
20. Goure and Weinkle, p. 72.
21. See *ibid.*
22. *Granma*, February 2, 1968.
23. Goure and Weinkle, p. 73 and Karol, pp. 439–440.
24. Goure and Weinkle, p. 73.
25. Interview in Lockwood, p. 213.
26. The above points have been made in Goure and Weinkle, pp. 75–76.
27. *Ibid.*, p. 74.
28. *Ibid.*, pp. 74–75.
29. As cited in *ibid.*, p. 75.
30. Cited in Revolutionary Communist Party, USA, *Cuba: the Evaporation of a Myth* (RCP Publications, Chicago, 1977), p. 12.
31. Interview in Lockwood, p. 214.
32. Cited in Karol, pp. 425–426.
33. F. Mankiewicz and K. Jones, *With Fidel. A Portrait of Castro and Cuba* (Ballantine Books, New York, 1975), p. 176.
34. *Ibid.*, p. 177
35. *Ibid.*, pp. 178–179.
36. *Pravda*, October 24, 1969.
37. Goure & Weinkle, p. 75.
38. *Ibid.*
39. Karol, p. 422.
40. *Ibid.*, p. 423.
41. *Ibid.*, p. 424.
42. Goure and Weinkle, p. 75.
43. E. Gonzalez, "Castro and Cuba's New Orthodoxy," *Problems of Communism*, vol. 25, no. 1 (January–February) 1976, p. 11.
44. *Ibid.*, p. 12.
45. Ernesto "Che" Guevara, "On Socialist Competition and Sugar Production," in J. Gerassi, ed., *Venceremos. The Speeches and Writings of Che Guevara* (Panther Books, London, 1969), p. 330
46. "On the Cuban Experience," in Gerassi, pp. 362–363.
47. Cited in Boorstein, pp. 124–125.
48. *Ibid.*, pp. 152–153.
49. *Ibid.*, pp. 153–154.
50. *Ibid.*, p. 154.
51. *Ibid.*, p. 160.
52. *Ibid.*
53. *Ibid.*
54. Karol, pp. 223–224.
55. Cited in *ibid.*, p. 227.
56. *Ibid.*, pp. 228–229.
57. *Ibid.*, pp. 229–230.
58. Huberman and Sweezy, p. 68.

59. For more details see R. Dumont, *Is Cuba Socialist?* (Andre Deutsch, New York, 1974), p. 28–29.
60. *Ibid.*, pp. 29–30.
61. “On Production Costs,” in Gerassi, p. 354.
62. *Ibid.*, pp. 355–356.
63. *Ibid.*, p. 358.
64. C. Mesa Lago, *Unemployment in Socialist Countries: Soviet Union, East Europe, China and Cuba* (University Microfilms, Ann Arbor, Michigan, 1968), p. 432–433.
65. “On the Cuban Experience,” in Gerassi, p. 366.
66. *Ibid.*, pp. 364–365
67. *Ibid.*, p. 371.
68. *Ibid.*
69. For more details see M. Lowy, *The Marxism of Che Guevara* (Monthly Review Press, New York, 1973), pp. 54–55.
70. “On the Budgetary System of Financing,” in Gerassi, pp. 418–421.
71. *Ibid.*, p. 422.
72. As cited by Guevara in *ibid.*, p. 427.
73. *Ibid.*, p. 429.
74. See speeches on September 28, 1966 and April 29, 1967, in M. Kerner and J. Petras ed., *Fidel Castro Speaks* (Allen Lane: The Penguin Press, London, 1967).
75. See, *ibid.*, p. 275 for Castro’s reference to the micro-faction which “predicted . . . the failure of the revolutionary line . . . that we would not reach the 10-million-ton mark” and have to abandon the Cuban road, “in short, cease being revolutionaries.”
76. For the full texts of both speeches see *Granma*, December 31, 1972.
77. *Granma*, October 15, 1972.
78. *Granma*, December 31, 1972.
79. *Granma*, September 10, 1972.
80. For the following discussion of Rodriguez’ career and the adoption of Soviet economic management principles, see C. Mesa Lago “Conversion of the Cuban Economy to Soviet Orthodoxy,” *Journal of Economic Issues*, vol. 8, no. 1, March (1974), p. 47.
81. *Pravda*, December 30, 1970.
82. From an article by C. R. Rodriguez published in *Pravda*, March 11, 1972.
83. *Ibid.*
84. *Ibid.*
85. Cited in Goure and Weinkle, p. 78.
86. *Pravda*, December 30, 1970.
87. The above material is drawn from Mesa Lago, “Conversion of the Cuban Economy . . .,” pp. 47–48.
88. *Ibid.*, p. 51.
89. *Ibid.*, p. 53.
90. A. MacEwan, “Incentives, Equality and Power in Revolutionary Cuba,” *Socialist Revolution*, vol. 5, no. 1 (1975).
91. *Ibid.*, p. 121.
92. *Ibid.*
93. *Ibid.*, pp. 121–122.
94. *Ibid.*, p. 124.
95. *Ibid.*, pp. 129–130.
96. V. Mashkin, “Cuba: a distant country close to our hearts,” *International Affairs* (1) January (1974), pp. 92–93.
97. *Granma*, January 3, 1966.
98. C. Mesa Lago, “Ideological, Political and Economic Factors in the Cuban Controversy on Material and Moral Incentives,” *Journal of Inter-American Studies and World Affairs*, vol. 14, no. 1 (1972), pp. 95, 97.
99. The above discussion draws heavily on *ibid.*, pp. 103–104.

100. *Ibid.*, p. 58.
101. *Ibid.*, p. 59.
102. Gonzalez, "Castro and Cuba's New Orthodoxy," p. 13.
103. Cited in *ibid.*
104. A. Arzumanyan, *Crisis of World Capitalism* (Progress Publishers, Moscow, 1966), p. 13.
105. For Soviet diplomatic interest in Cuba and the missile crisis see Karol, pp. 202–206, 242–243, 255–261 and G. T. Allison, *Essence of Decision* (Little Brown, Boston, 1971).
106. Karol, p. 262.
107. *Ibid.*, pp. 262–263.
108. *Ibid.*, pp. 270–271.
109. *Ibid.*, pp. 284–285.
110. Interview in Lockwood, pp. 224–225.
111. *Ibid.*, p. 230.
112. Interview in Mankiewicz and Jones, pp. 151–152.
113. *Ibid.*, p. 152.
114. Cited in L. Goure and J. Weinkle, "Soviet-Cuban Relations. The Growing Integration," in J. Suchlicki, p. 181.
115. *Ibid.*, pp. 182–185.
116. *Granma*, May 3, 1970.
117. *Izvestia*, October 24, 1971.
118. *Pravda*, December 29, 1971.
119. For the details concerning this reorganization, see *Granma*, December 3, 1972.
120. Gonzalez, "Castro and Cuba's New Orthodoxy," pp. 3–4.
121. *Ibid.*, p. 10.
122. *Ibid.*, *passim* for the discussion which follows.
123. *Granma*, December 28, 1975.
124. Gonzalez, pp. 13–14.
125. Fidel Castro, "Waves of the Future," in L. L. Horowitz, J. De Castro and J. Gerassi, eds., *Latin American Radicalism. A Documentary Report on Left and Nationalist Movements* (Vintage Books, New York, 1969), p. 564.
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