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## Cuba's Prospects for a Military Oligarchy\*

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Over the past decade, scholars, policy makers and Cubans in general, both on the island and in exile, have researched and debated extensively the answer to the question on everyone's mind: after Fidel Castro, who? Some governments, like the United States', envisioned a transition to democracy. Some governments, like that of the United States, were certain that a succession would take place from Fidel Castro to Raúl Castro, with the implication that little, if any, change would occur.

The answer to the question came on July 31, 2006 when, suddenly, Fidel Castro stepped down from power, citing emergency health issues, and delegated powers to his brother. Raúl Castro officially became President of the Council of Ministers of Cuba on February 24, 2008. Since then, the Cuban government has established several economic measures that it aims to present to the Cuban people and the world as signs of openness and change. This is an attempt to present the Cuban government as a regime that is opening economically and is eager to participate in global affairs. However, in reality, the Cuban government is in the process of establishing an oligarchy.

Since Castro's rise to power in 1959, the *Ministerio de las Fuerzas Armadas Revolucionarias* (Ministry of the Revolutionary Armed Forces, or MINFAR) was headed by Raúl Castro. The collapse of the Soviet Union meant an end to the lifeline that was propping up the Cuban economy. In the following years, Cuba underwent a serious economic crisis commonly known as the *Período Especial* (Special Period). During this era, the Cuban government introduced the *Sistema de Perfeccionamiento Empresarial* (Enterprise Management Improvement System, or SPE), aimed at streamlining the military's operations ("The Cuban Military," 2003). Raúl Castro also established several state-run corporations "for joint ventures with foreign capital" (Ibid).

## What is Bureaucracy?

Plato (2005:533) defined oligarchy as “a government resting on a valuation of property, in which the rich have power and the poor man is deprived of it.” He described the descent into oligarchy as follows:

The decline begins with the possession of gold and silver; illegal modes of expenditure are invented; one draws another on, and the multitude are infected; riches outweigh virtue; lovers of money take the place of lovers of honour; misers of politicians; and, in time, political privileges are confined by law to the rich, who do not shrink from violence in order to affect their purposes (Plato, 2005:127).

In the 18th century, Gregory Sharpe (1748:18) further developed this conception of oligarchy, stating: “A King may become a Tyrant, but an *Oligarchy* is a Group of Tyrants.” This was the era of what Phillip Bobbit (2002:122) calls the “Kingly State,” where the sovereign monarch was perceived to rule by di- vine right and whose relationship to the State could be summarized in King Louis XIV’s declaration: “L’état c’est moi” (I am the State).

With the advent of the nation-state in the late 19th and early 20th centuries, the conception of oligarchy as a form of government continued to change. Sovereignty was transferred from an individual ruler to the people, who now elected their officials through democratic elections.

Regarding this relationship between oligarchy and democracy, Robert Michels (1999:13) wrote: “In theory, the principal aim of socialist and democratic parties is the struggle against oligarchy in all its forms.”

Towards the mid-1950s, the concept of oligarchy was further defined by scholars such as Seymour Martin Lipset, Martin Trow and James S. Coleman. They (Lipset, Trow and Coleman, 1956) defined oligarchy “as a one-party political system” where “one group, which controls the administration, usually retains power indefinitely, rarely faces organized opposition, and when faced with such opposition often re- sorts to undemocratic procedures to eliminate it.”

In the first years of the 21st century, writers such as Darcy K. Leach (2005:329) further developed the idea of oligarchy, characterizing it as “a concentration of entrenched illegitimate authority and/or influence in the hands of a minority, such that de facto what that minority wants is generally what comes to pass, even when it goes against the wishes (whether actively or passively expressed) of the majority.”

Perhaps the best known example of the power of oligarchs exists in Russia. Following the collapse of the Soviet Union, oligarchs have played a key role in business and government. A common definition of a Russian oligarch is that of “a very wealthy and politically well-connected businessman, a billionaire, or nearly so, who is the main owner of a conglomerate and has close ties with the President” (Åslund, 2005:6).

## **Russian Oligarchs**

Given the political and economic similarities and historical ties between the former Soviet Union and Cuba, the Russian example serves as an informative case study when analyzing what Cuba’s future may look like. While democracy seemed to enter Russia following the collapse of communism, shades of Soviet communism seemed to creep back as Vladimir Putin took the reins of the Kremlin.

During the 1990s and 2000s, Russia developed a system where seemingly democratic institutions were in fact working in parallel — and often times in conjunction — with oligarchs. Scholar Lilia Shevtsova (2001:67) describes Russia's government as “a hybrid regime, founded on the principle of weakly structured government and relying on both personalistic leadership and democratic legitimation. This combination of incompatible principles enables the regime to develop simultaneously in various directions: toward oligarchy, toward authoritarianism, and toward democracy as well.” Russian opposition leader Garry Kasparov (2009:39) agrees, stating: “This Kremlin is partly an oligarchy, with a small, tightly connected gang of wealthy rulers. It is partly a feudal system, broken down into semiautonomous fiefdoms in which payment is collected from the serfs, who have no rights, while the smaller lords pay the bigger ones.”

At the same time, some characterize these oligarchs as “plunderers who have stashed their winnings abroad. By the best estimates, capital flight over the last decade has run up to \$100 billion a year” (Daniels, 2004:10).

Economist Grigory Yavlinsky (2001:84) argues:

A market economy without democracy is tantamount to oligarchy. That is why President Putin's struggle with the oligarchs is not a battle against oligarchy in principle. No one man, even if he is president, can conquer oligarchy; like corruption, oligarchy can be conquered only by civil society. Fighting oligarchy by fighting an individual magnate like Boris Berezovsky is nonsense, because oligarchy is more than just one man: It is a system of social ties. Oligarchy — that is, the system based on the “pipe-line economy” — is something that the Russian government does not intend to renounce. On the contrary, government programs, in essence, have become its fig leaf.

## **Oligarchy in Cuba**

For decades, the Cuban government has developed the framework for an oligarchy comprised of military leaders. Dr. Terry L. Maris (2009:64) asserts:

Even prior to the “special period,” Cuba had begun to explore new ways to improve its economy. Raúl Castro, in his role as the minister of the Revolutionary Armed Forces (F.A.R.), designed and implemented a novel education and training program. Under the direction of Raúl’s close friend, General Julio Casas Regueiro, high-ranking officers were carefully selected to attend some of the most prominent business schools in Western Europe to acquire the skills deemed necessary for the salvation of the Cuban economy. In apparent contradiction of the tenets of socialism, the Cuban military quietly embraced the teachings of capitalism.

**Table 1. GAESA-Run Entities**

| <b>Corporation</b>                           | <b>Economic Sector</b>  | <b>Leadership (2004)</b>  |
|--|---|---|
| Gaviota, S.A.<br>Aero Gaviota                | Tourism<br>Airline  | Brig. Gen. Luís Pérez Róspide<br>Col. José Manuel Borges Vivó                             |
| Tecnotex                                     | Import/Export   | Lt. Col. René Rojas Rodríguez   |
| Almacenes Universal<br>Almest, S.A.<br>Antex | Free zone: Wajay, Mariel,<br>Tourism Real Estate<br>Technical Assistance                    | Miguel Angel Hernández Armas<br>David Pereira Pérez<br>Carlos Santiago Martínez Rodríguez |
| Complejo Histórico-Militar Morro<br>Sermar   | Military museums and monuments<br>Exploration of Cuban territorial<br>waters, Naval repairs | Col. Hernán Washington<br>Capt. Luís Beltrán Fraga Artiles                                |
| GeoCuba<br>División Financiera               | Cartography, real estate, mining<br>Stores for the Recovery of Foreign<br>Currency          | Col. Eladio Fernández Civico<br>Alexis Mejías Zamarión (Retired<br>Military Officer)      |
| Sasa, S.A.<br>Cubanacán<br>Agrotex, S.A.     | Gas station network, repair shops<br>Tourism and trade<br>Agriculture                       | Antonio Luís Choong Estupiñán<br>Manuel Vila  |

Source: “Military Involvement in the Cuban Economy,” Cuba Facts, Issue 9, 2005.

**Table 2. Other Entities Run by Cuban Military Officers**

| Corporation                          | Economic Sector               | Leadership (2004)              |
|--------------------------------------|-------------------------------|--------------------------------|
| Ministry of Civil Aviation           | Civil Aviation                | Gen. Ramón Martínez Echevarría |
| Comercio Interior, Mercado Exterior  | Domestic and foreign commerce | Col. Héctor Oroza Busutin      |
| Ministry of Sugar (MINAZ)            | Sugar                         | Gen. Ulises Rosales del Toro   |
| Comisión Gubernamental para el       | Streamlining the economy      | Col. Armando Pérez Betancourt  |
| Ministry of Tourism (MINTUR)         | Tourism                       | Col. Manuel Marrero Cruz       |
| Instituto Nacional de la Reserva     | Civilian and Military State   | Brig. Gen. Moisés Sio Wong     |
| Ministry of Construction             | Construction                  | Fidel Fernando Figueroa        |
| Unión de la Industria Militar        | Weapons Repairs               | Col. Luis Bernal León          |
| Grupo Industrial para la Electrónica | Electricity                   | Cmdr. Ramiro Valdés Menéndez   |
| Habanos, S.A.                        | Cigars and Tobacco products   | Col. Oscar Basulto Torres      |
| Ministry of IT and Communications    | IT and Communications         | Col. Roberto Ignacio González  |

Source: "Military Involvement in the Cuban Economy," Cuba Facts, Issue 9, 2005.

Today, the F.A.R. dominates Cuban politics, and "its influence is felt in nearly all spheres of Cuban political life" (Mujal-León, 2011: 163). The military has not suffered the cutbacks made in other sectors of the economy (Ibid). As Minister, Raúl Castro established "an institutional pattern of loyalty...(placing) several Raulistas in key positions within the military and economic institutions to ensure total loyalty from these establishments, e.g. General Abelardo Colomé Ibarra, Ministry of Interior (MININT); General Ulises Rosales del Toro, Ministry of Sugar; and General Luis Pérez Róspide, Gaviota Enterprises, S.A. (Mastrapa, 2003:470).

The Cuban government established the Grupo de Administración Empresarial, S.A. (Group of Business Administration), better known as GAESA. Its Chairman is Major Luis Alberto Rodríguez López-Callejas, Raúl Castro's son-in-law. Its corporations can be seen in Table 1. Other entities run by Cuban military officers are shown in Table 2.

Following his rise to power, Raúl Castro

...acknowledged that the Cuban economy is not functional and there is need for important structural changes. At the beginning he moved slowly,

while he consolidated his control over the political machinery of the State, probably fearing a negative reaction from nomenklatura members who were likely to be affected by the changes. Initial efforts concentrated on cutting waste from the government and state enterprises, promoting import substitution and reducing consumption of expensive imported energy. At the same time, he undertook a purge of individuals who that may not follow his leadership throughout the governing structure, placing an increasing number of members of the military in key economic management positions. More recently he has taken what are seen by some as bolder steps to seek a reform of the system (Pujol, 2011:10).

### **Effects of a Consolidated Oligarchy**

Raúl Castro's initial openings of the Cuban economy are only cosmetic. It is clear that the main beneficiaries of this Cuban *perestroika* will be the military. This leadership is already running the Cuban economy. Even if democratic political reforms take place in the future, by then these oligarchs will be too entrenched to allow for real market reforms.

As a result, the oligarchy in place will prevent the establishment of an even playing field when the "market economy" is introduced. Entrepreneurs creating new businesses will have to compete against already established corporations with foreign investors run by military (or, by that time, former military) leaders. As Nicole Ball (1981:577) writes:

Involvement in these sorts of economic activities will strengthen the commitment of military leaders to a capitalist economic system, since that

system is easily manipulated for personal gain. Such involvement may also lead the armed forces to oppose significant political and economic liberalization. The greater participation of the poor in the political and economic process can only mean that those already in power will, at the least, see their dominance eroded. At the worst, they can expect to be cut out of, the system entirely or be faced with a new system in which the opportunities for economic advancement are severely reduced. Officers can expect to lose their top-level positions in the political and bureaucratic sphere as well as in nationalized industries. Changes in government priorities which are likely to follow political and economic liberalization may well reduce the opportunities open to firms in which officers have invested, although that would vary from case to case.

Ball also argues that “personal advancement is easiest in cases where the military has taken over the government, but even in civilian-dominated governments military officers may be appointed to posts which provide them with ample opportunities for enriching themselves. From top-level bureaucratic positions, military officers will be able to direct government expenditure into investments that will benefit private companies with which they have become involved” (Ball, 1981:576). As time progresses, the Cuban government will continue to implement measures to give the appearance of market reforms and political openness. However, oligarchs will prevent Cuba’s aspiring entrepreneurs from competing politically and economically. Since the oligarchs will control capital and sources of revenue, they are better equipped to control the political scene.

Politically, a hegemonic party system seems likely to emerge in a post-Castro Cuba. This type of system prevents competition for power. While other political parties may be permitted to

participate in the process, they cannot challenge official party domination. This system will provide the outside world with the perception of democratic openness while maintaining control on all aspects of Cuban life (Azel, 2013).

Abroad, many will accept this new “democratic” appearance. After more than 50 years of rule by the Castro brothers, many around the world, particularly in the United States, Europe and Latin America, are anxious to see a positive change towards democracy in Cuba. This desire to see some sort of openness in Cuba may lead the international community to accept any kind of “change” that comes into Cuba, even if it is only superficial. Corporations around the world also have business interests in Cuba, and they are likely to accept any appearance of change in order to continue to pursue their business interests there.

Professor José Azel (2013) best described the relationship between Cuba’s authoritarianism and oligarchy, stating: “In a symbiotic relationship, authoritarianism engenders a corrupt oligarchy, and that oligarchy profits from the continuation of corrupt authoritarianism.” Similarly, Professor Jaime Suchlicki (2000:59) argues: “The strength and growing role of the military in the economy, a fairly monolithic Communist Party, and a vast and efficient security apparatus make it likely that the present political leadership and governing structures will continue to function and evolve slowly even after Castro’s rule has ended.”

In summation, it seems very likely that, upon Fidel and Raúl Castro’s disappearance from Cuba’s political scene, an oligarchy will be firmly established. This rule by military and/or former military officers will be felt particularly in the Cuban economy. A Cuban oligarchy will be similar to the one that has existed in Russia since the end of the Cold War. Cuba’s consolidated oligarchy will give the international community the impression that it is opening and enacting real political

and economic reforms. However, in reality it will only present more of the same to the Cuban people. Economic opportunities will remain in the hands of the oligarchs, making Cuba's prospective entrepreneurs and small business owners unable to compete for their survival.

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