

# Cuba's Raúl Castro unveils plan for massive job cuts

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President Raúl Castro Sunday outlined plans that could eliminate the jobs of some 1.3 million Cuban state workers, while promoting the growth of private enterprise in the country's service sector.

In his speech to the opening of the biannual session of the Cuban parliament, Castro insisted that the measures are merely an "updating" of the Cuban economic system, and not "market reforms" based on "capitalist recipes." Nonetheless, the proposals pose among the most sweeping social and economic transformations in Cuba since the overthrow of the US-backed dictatorship of Fulgencio Batista in 1959.

The country has faced a protracted economic crisis, exacerbated by the global financial meltdown. The main export, nickel, has seen prices drop from \$24 a pound in 2008 to just \$7 a pound last year. Tourism, the biggest source of income, has been hit by the global recession, as have remittances from Cubans abroad, particularly in the US, who are facing unemployment and falling wages. A series of three hurricanes in 2008 combined with a drought in the eastern portion of the island ravaged much of Cuba's crops.

Compounding these difficulties is the 48-year-old US embargo first imposed by the Kennedy administration in retaliation for the Cuban government's expropriation of US corporate property on the island.

The measures outlined by President Castro are aimed at imposing the full burden of this crisis onto the backs of the Cuban working class.

Those to be purged from what Raúl Castro described as "bloated" state payrolls comprise up to one quarter of the economically active population on the island. It is anticipated that virtually every family in the country will be affected, and the proposed economic changes are creating growing social and political tensions.

"We have to wipe out forever the notion that Cuba is the only country in the world where you can live without working," Castro told the Cuban parliament members.

The official unemployment rate in Cuba was 1.7 percent last year and has not risen above 3 percent in the previous eight years. Full employment, one of the guarantees of the Castro regime, is being abandoned.

"We hope to eliminate 200,000 jobs annually, some 100,000 of them over the next year just in the capital," a government economist told the Reuters news agency. Lists of those slated for firing have reportedly already been drawn up in factories, hospitals and offices.

Those first to be targeted are workers who have already been laid off from state-owned enterprises. Beginning in the first quarter of next year, Castro said, "[T]he labor and salary treatment of workers who are idle and laid off from a group of administrative bodies of the central state will be changed, overcoming the paternalistic emphasis that discouraged the necessity to work for a living and with it reducing

unproductive spending which is rooted in egalitarian pay, independent of years of employment, in a salary guarantee over long periods for people who do not work."

Castro gave no details about the nature of the change that would be implemented—whether pay for unemployed workers will be eliminated, reduced or shortened in duration. The specifics of the plan will be laid out to a session of the official trade union body, the Confederation of Cuban Workers. Like the parliament itself, it has no independence from the state apparatus that has devised these measures and serves merely as another rubberstamp for decisions taken at the top.

What was unmistakable about Castro's remarks, however, is that unemployment is being viewed increasingly within official circles as a necessary tool for disciplining the Cuban working class.

Employment conditions in the key tourism sector have already been altered, according to reports from the island. Workers are being laid off, without salaries, during the off-season. In some cases, they are being offered reduced compensation to take courses or work in construction or the agricultural sector.

The clear aim is to compel workers to work harder for less. This was made explicit in a report last month in the official daily *Granma* about the "positive" development that labor productivity in Cuba had risen 4.3 percent in the first quarter of this year, even as the median salary fell by nearly 1 percent. Over the previous year, the government has sought to tie wages to productivity

The median monthly income has fallen to 429 pesos, the equivalent of \$17. While these salaries have been supplemented with various state services, ranging from subsidized housing to free education and health care to food ration cards, these subsidies are also being targeted as part of the Cuban government's drive to close deficit gaps and meet payments to its foreign lenders. Already, living standards in Cuba are far lower than they were in 1989 and the liquidation of the Soviet Union, which had heavily subsidized the island's economy.

It was during this so-called "special period" proclaimed after the end of Soviet aid and the resulting 35 percent drop in Cuba's GDP that the government last encouraged a growth in private enterprises.

Already, the government has closed down dining halls in state-owned enterprises that previously provided Cuban workers with a free meal. There is also reported discussion of eliminating food ration cards in favor of means-tested assistance to the poorest sections of the population. Meanwhile, the government has raised the retirement age, while forcing workers to contribute more to their social security.

Castro combined the threat of mass layoffs with the announcement of measures that would facilitate the expansion of the so-called *cuentapropista* sector, made up of barbers, hairdressers, taxi drivers

and similar services that are allowed to operate privately, while obtaining licenses from and paying rent and taxes to the government.

The idea that this sector—which currently consists of less than 145,000 licensed enterprises—can absorb 1.3 million redundant state sector employees is absurd on its face. Nonetheless, Castro promised to create greater “hiring flexibility,” allowing for small proprietors to exploit labor for profit.

A more significant expansion of the private sector was announced on the margins of the parliamentary session by Minister of Tourism Manuel Marrero, who announced that the government is negotiating with foreign capital for the building of 16 golf courses as well as a string of new hotels on the island. He also said that by January the government would lift restrictions on the sale of houses to foreigners.

The net effect of these measures will be to widen already growing social inequality in Cuba, which is determined in large measure by access, or lack of it, to foreign currency. Those with high government posts, jobs in the tourist sector or receiving foreign remittances have such access, while the great majority of the population does not.

Significantly, the Western media largely dismissed Raúl Castro’s speech. This reflects the real concerns of US and European capitalism, which has no problem with taking away a million workers’ jobs, but wants to see more sweeping privatization of core areas of the Cuban economy and a dismantling of remaining restrictions on foreign direct investment.

Fidel Castro, 83, did not appear at the opening of the Cuban parliament. He had led the Cuban government for 47 years until 2006, when, because of ill health, he ceded the reins to his younger brother, Raúl, 79.

Nonetheless, Fidel has been increasingly in the public eye, making eight appearances in the last month. Among the most recent was his reception of Chinese Foreign Minister Yang Jiechi. China has extended desperately needed credit to the Cuban government, and there is growing speculation that Havana may emulate the path taken by Beijing, combining an embrace of capitalist economic relations with the maintenance of the current political regime, based on the ruling Cuban Communist Party and the military.

In his speech to the parliament, Raúl Castro also gave the first public explanation of his decision to release and exile 52 imprisoned “dissidents.”

Castro explained that those who were released had been arrested and jailed for working for the US government under conditions in which Washington was openly promoting “regime change” in Havana. “The revolution can be generous because it is strong,” he said, while cautioning that there would be “no impunity for enemies of the fatherland.”

The release was brokered by the Catholic Church and the Spanish government in return for Spain’s agreement to push for the European Union to lift sanctions against the island. The Cuban government is anxious to regain access to European credit and also hopeful that Washington could reciprocate with a loosening of the trade embargo.

Raúl Castro also stressed in his speech that the advent of Obama had brought no substantive change in US policy toward the island. He noted the maintenance of the economic blockade as well as the continued imprisonment of five Cuban agents who had been sent to the US to monitor terrorist Miami-based exile groups. One of them, Gerardo Hernández Nordelo, 45 and in ill health, was recently placed in a punishment cell in a California prison.

Castro insisted that unity in Cuba’s ruling party was “stronger than ever.” He dismissed speculation that there existed divisions over

economic policy, including between the Castro brothers themselves.

Since permanently assuming the presidency in 2008, Raúl Castro has replaced a number of leading officials with his own confidantes, drawn for the most part from the senior brass of the Cuban military.

A number of these changes have been accompanied by rumors of official corruption. Most recent in this category was the sudden removal of Rogelio Acevedo, longtime head of the state agency that directs Cuba’s airlines and airports.

A prominent intellectual in the ruling Cuban Communist Party called attention to the danger posed by the increasingly open corruption within ruling circles. Esteban Morales, who served as director of the US Studies Center at the University of Havana and was a regular commentator on the Cuban television’s political analysis program “Mesa Redonda,” wrote an article in April entitled “Corruption: the true counterrevolution?”

“When we closely observe Cuba’s internal situation today, we can have no doubt that the counter-revolution, little by little, is taking positions at certain levels of the State and Government,” Morales wrote.

He continued: “Without a doubt, it is becoming evident that there are people in positions of government and state who are girding themselves financially for when the Revolution falls, and others may have everything almost ready to transfer state-owned assets to private hands, as happened in the old USSR.”

He stressed that corruption within the ruling elite was far more dangerous than the US-backed “dissidents,” which he described as isolated and lacking any program, any leadership and any significant following.

Pointing to the case of the recently sacked airlines chief Acevedo, he said that there had been no real public explanation of the affair, in which “the people’s money and resources were squandered amid an economic situation that’s quite critical to the country.”

The case was not unique, he said, but rather typical of top officials who “are receiving commissions and opening bank accounts in other countries.” He added that US intelligence knew far more than the Cuban people about who these officials were and would seek to use this information to recruit them.

While Morales’s article appeared on an officially sanctioned website, he was soon taken off of the television program, and it was announced in June that he had been expelled from the ruling party. Apparently, the regime believed the commentary revealed far too much about the real political and class character of Cuba’s ruling stratum.



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