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abundance which Marx had originally thought to be an essential precondition for revolution, but which suffer instead from material poverty. And the new revolutionary regime must also build a new kind of social base, given that the proletariat, which Marx thought of as the revolutionary class, is weak or absent. It is clear, then, that revolutions in the Caribbean cannot be understood if we analyse them from the standpoint of what revolutionary socialism *should* be.

Revolution in the Caribbean Basin

So far, we have looked at the politics and economics of the region in those societies which have tried to promote growth and development within capitalism. In this chapter, we examine how regimes which have attempted to promote development through different forms of socialist development have fared. For revolutionary regimes, winning power is only the first step on the path to the creation of a better society. The real battle, that to produce egalitarian development, is only then about to start. Fidel Castro, President of Cuba since the revolution, commented on the tenth anniversary of the Cuban revolution: 'many people thought, on the first of January 1959, that they had entered the world of the rich. But the world they had entered in reality was one of opportunity – to create, amid the underdevelopment, the poverty, ignorance and misery, wealth and welfare in the future' (Fagen 1986: 87).

The revolutionary regimes we deal with in this chapter have all been described as 'socialist'. But this label is not very accurate for two reasons. Firstly, these regimes resemble hardly at all the Soviet-style regimes of Eastern Europe which many observers associate with socialism. And even if we look at them from a theoretical Marxist perspective, it is difficult to see them as 'socialist'. Marx had envisaged that socialist revolutions would occur in the most economically advanced parts of the globe. When revolutions occur on the periphery of the capitalist system, the socio-economic and political conditions within which Marx thought socialism would be built are absent. For example, new social and economic relations must be created in societies which display none of the material

Successful revolutions in the region are the result of overwhelming popular demands and organization for national control over resources, government and decision-making. That is, they are concerned with building a sovereign nation-state via the implementation of socialist development policies. National liberation, because of the region's colonial past, is usually seen as the first stage towards a more developed and egalitarian society. The revolution, therefore, is being made by and for 'the people' rather than any clearly defined or articulated class. For Castro, the 'people' was made up of all those Cubans who 'desired a better, fairer country in dignity'; and for Daniel Ortega, leader of the Sandinista revolution, 'the workers, the peasants, soldiers, artisans, intellectuals and professionals, women, children and all patriotic Nicaraguans' made up the Nicaraguan people. Though this broad social base endows the incoming revolutionary regime with widespread support, it also indicates a potential problem in policy-making – how to identify those sectors of 'the people' who are the subject of the revolution, and who should benefit most from the distribution of scarce resources in the post-revolution period? We have to remember that while revolutions promise more efficient and rational production, and a more equal distribution of material wealth, the possibilities of reforms are limited by the poverty and resource-limitations which characterize Caribbean and Central American societies.

A common strategy for revolutionary regimes is to adopt a 'basic-needs' approach to development and resource allocation. This means the adoption of

national development plans and policies [which] included explicitly as a priority objective the promotion of employment and the satisfaction of the basic needs of [the] country's population . . . they include certain minimum requirements of a family for private consumption: adequate food, shelter and clothing as well as certain household equipment, and furniture . . . essential services provided by and for the community at large, such as safe drinking water, public transport and health, educational and cultural facilities. (Brundenius 1984: 79)

These policies have the advantage of redistributing resources in society more equitably without threatening capital accumulation or leading to indebtedness. But they will almost inevitably antagonize a consumer-minded bourgeoisie, which will resent the taxation and the import-restrictions the policies imply. And the strategy may also be threatened by pressure from social groups who wish to see 'populist' economic policies which satisfy immediate demands for higher consumption.

Alongside commitments to radical economic transformation, revolutions offer political change by altering the power relations between classes in society. Democracy, understood not as a system of competing political parties but as access to government by the mass of society and popular influence in government decisions, has usually operated as a motivating force during the years of struggle before the revolution, and the new regime must find ways of channelling demands for participation. There are, inevitably, limitations to their success: for example, there is always the problem of how to increase participation without creating a bureaucratic and unwieldy political system; and how to triumph over the problem of creating a participatory and democratic society where no political tradition of democracy exists. And all revolutions in Central America and the Caribbean also face the challenge of balancing security needs with demands to create an open and free society. This can become an acute dilemma if the revolution has external enemies.

The problems, then, can be summed up succinctly — how to produce growth and pursue redistribution of goods, services and political power in a peripheral economy, while at the same time trying to neutralize external hostility. In order to try and fulfil these goals, revolutionary regimes must make tough policy decisions in

three vital areas: economic and development policies; the question of power within the revolutionary society; and external relations. In the rest of the chapter, we analyse policies in these areas under the revolutionary governments of Cuba, Nicaragua and Grenada.

Participation and Power in Revolutionary Regimes

The goal of revolutionary regimes can be summed up as equitable development. This means creating the conditions for real equality in political, economic and cultural terms. Even economics is subordinate to the demands of politics here. Revolutions put an end to personalist, dictatorial and elitist regimes and promise broad popular access to government and participation in decision-making. The revolutionary regimes of Cuba, Nicaragua and Grenada inherited profoundly anti-democratic political structures from the past. How did they go about broadening channels for participation? And were they able to overcome the classical dilemma of revolutionary regimes, caught between the demands for a system of participatory democracy, tied to the revolution, and representative democracy, on which much-needed Western aid is often contingent, but which suggests ultimately that the revolution is reversible?

Cuba

The Communist Party is the only political party in Cuba and is regarded as the leading force in society. The collapse of communist regimes of the Soviet Union (USSR) and the Eastern bloc has had no direct reformist impact on Cuban political structures. Under the revolutionary constitution, the party represents the will of the Cuban people. Party decisions are made in accordance with the principle of democratic centralism and are binding on party members. But though clearly the most important, the party is not the only officially acknowledged political force in Cuba, because the administration and mass organizations created by the revolutions also exercise some input in decision-making. And since 1990, in particular, a small internal opposition has developed, though with little influence beyond elitist cultural circles.

This structure, which bears the imprint of Soviet influence, took some time to appear. The revolution was made by an ideologically

disparate group, the 26th of July Movement, which only later allied with the Communist Party. Moreover, during the early years of the revolution, mass mobilization was encouraged and decision-making through popular organizations was attempted, especially through the Committees for the Defence of the Revolution (CDRs), created initially to repel the attacks by Cuban emigrés and the US in 1962. Mobilization was seen as the key to popular democracy because of the prevailing view among the revolutionaries that a socialist transformation – towards which the Cubans were explicitly committed – depended as much on changing people as changing the material bases of society; the revolution had to create a 'New Man', in the words of the leading thinker of the revolution, Che Guevara. Gradually, however, as the 1960s progressed, the CDRs lost real power and became simply neighbourhood associations, coordinating and implementing policy decisions taken elsewhere. And even during the 1960s, mobilization remained under the control of the state, partly because the tradition of popular organizations before 1959 was weak.

Party hegemony at the expense of the popular organizations increased during the 1970s and was enshrined in the constitution of 1976. Mass participation was to continue through the Organizations of People's Power (OPPs), but their real influence was limited. Their functions include enforcing regulations from superior state bodies, participating in the judicial system, evaluating some reports from the executive committees of the party, and participating in national defence and internal order. Their independence from the Communist Party is, in practice, also limited, because dual membership is standard, although no one is formally required to be a member of the Communist Party for election to the OPPs.

The tensions between the goals of popular representation, explicitly endorsed by the revolution on coming to power, and the need for rational, efficient decision-making, planning and party control have never been resolved in Cuba. The initial spirit of participation of 1959 and 1960 was gradually worn away by the need to defend the revolution from outside aggression, and assure internal security from the hostility of the US. At the same time, the attractions of aspects of the Soviet political model increased as the economic ties between Cuba and the USSR strengthened. Yet despite the similarities with the USSR, the system always remained more open and with a greater degree of popular legitimation than

the political system of the USSR. Personal leadership, especially that of Fidel Castro, whose charisma has dimmed after more than thirty years in power but who still commands respect on the island, remains one of the most significant features of the political system. And the system is also more flexible than the Soviet polity was. The mass organizations, especially the Confederation of Cuban Workers and the Federation of Cuban Women, have remained active and labour in particular was revitalized during the 1980s. According to some observers of the revolution – before the 1990s – 'the subculture of local democracy is strong', evidenced in the vigorous debates which have been reported to take place in the neighbourhood and the workplace (Azicri 1988: 111). But a fear of manipulation of opposition from outside has made dissent difficult and organized opposition impossible. It would be difficult to sustain the idea that Cuba is a totalitarian society, despite the total absence of liberal democratic features in the political system. But the political system rests on party control and personal charisma, both of which limit real participation in public life. It remains to be seen how the post-Castro political system will take shape, since the structures created by the revolution are unlikely to outlast Castro's term in office.

Nicaragua

Influenced only partially by marxism and perhaps with the Cuban experience in mind, the *Frente Sandinista de Liberación Nacional* (FSLN) was careful to avoid centralist and bureaucratic political models. Instead, the new political system attempted to combine participation with representation. How did the Sandinistas go about achieving this?

On the simplest level, the answer is that it was through the hegemonic role of the FSLN within the state and the establishment of grass-roots movements in society. The main instrument of mass participation and popular democracy during the ten years of the revolution were the Sandinista mass organizations, which served in different degrees to link the state, controlled by the FSLN, to society. The main organizations were the *Central Sandinista de Trabajadores* (Union of Sandinista Workers – CST), the *Asociación de Trabajadores del Campo* (Association of Rural Workers – ATC),

the *Union Nacional de Agricultores y Ganaderos* (National Union of Farmers and Ranchers - UNAG), *Asociación de Mujeres Nicaragüenses Luisa Amanda Espinosa* (Association of Nicaraguan Women - AMNIAE) and the *Comités de Defensa Sandinista* (Sandinista Defence Committees - CDS). Although the organizations grouped together significant numbers of people, their influence was on the whole limited to conveying policy downwards. Only UNAG retained relative independence from the state. For some organizations, especially the CDS and the ATC, this meant a fall in militants from the mid-1980s. UNAG, meanwhile, the most independent, grew in numbers. As in Cuba, then, the most important popular organizations were linked to the governing party, though the links were looser and more diffuse.

In marked contrast to the Cuban system, however, the Sandinistas not only tried to promote participation through party-directed popular organization, but also tried to encourage a representative democracy, establishing formal mechanisms for general elections and a party system. In this way, the Sandinistas have played a fundamental role in constructing a broad and open political space after the revolution where none had been allowed to form earlier. Over 86 per cent of Nicaraguan citizens turned out to vote in 1990. General elections were held in 1984, won by the Sandinistas led by Daniel Ortega, and in February 1990, when the Sandinistas lost power to a broad opposition front, *Union Nacional de Oposición* (UNO). The reliance on elections marked an important shift within *Sandinismo*. We can measure the increase in electoralism within government strategy by comparing the 1984 elections with the those of 1990. In 1984, the revolution, legitimated still in fact by the 1979 insurrection, called elections in order to make clear, internally and externally, popular support for the revolution. By 1990, the revolution was competing electorally for power. The Sandinistas had moved away from the idea of institutionalization through popular participation towards accepting a competitive party system.

This new strategy was not adopted without internal tensions within the FSLN. While the 'tercerista' faction of the movement, around Daniel and Humberto Ortega and Sergio Ramirez, was responsible for designing and supporting the electoral strategy, others, for example Bayardo Arce and Tomás Borge, resisted the drift towards the institutionalization of a competitive party system.

They rejected the idea that Western political models are applicable to Nicaragua, especially in view of the war and the *contra* funding from the US. They also opposed what they saw as international pressure deciding the pace and timing of Nicaragua's elections - the 1990 elections were brought forward in accordance with the wishes of the opposition who threatened to boycott any elections held later. In spite of the electoral defeat, however, the Sandinistas remain influential inside the country. They won 42 per cent of votes for the National Assembly, compared to almost 55 per cent for UNO, and they constitute the single largest party. The Armed Forces remain under the control of the Sandinistas, though the Chamorro government is committed to reform in this area. Dissension within UNO, a multi-party coalition, increasingly turned the government of Violeta Chamorro towards pragmatic collaboration with the Sandinistas within the National Assembly. The electoral defeat of the Sandinistas therefore was not a complete defeat for the revolution nor was it a reversal to the pre-1979 situation.

Grenada

The revolution of 1979 was a reaction against the Westminster model of politics imposed on newly independent ex-British colonies in the Caribbean. Along with other radical and nationalist groups in the Caribbean (for example Black Power movements or the New World Group), the New Jewel Movement (NJM) had questioned the viability of the Westminster model for Caribbean societies since its formation. The NJM manifesto of 1973 described the system as 'only taking the people into account for a few seconds every five years, when citizens make a cross on their ballot paper' (Whitehead 1990: 350). Independent studies of the operation of the Westminster system in the Caribbean have in fact confirmed that it tends to function to guarantee over-representation for majority parties and reduce to a minimum the size of the parliamentary opposition. The real limitations of the system in Grenada, however, lay beyond the formal structures. The island's social system was rigidly constructed and operated as a guarantor for the retention of the privileges of the minority and the political culture was deferential and authoritarian, the legacy of a plantation economy and a colonial society. The

island's weak civil society was simply unprepared and unable to control the excess of the post-independence regime of Eric Gairy, in which personal aggrandizement, clientelism, pay-offs and pragmatism played important roles. The participatory democracy that the People's Revolutionary Government (PRG) tried to put in the place of the Westminster system was therefore intended to transform Grenada's political culture as much as the mechanisms of representation.

Community groups had been prominent in the anti-Gairy protests of the early 1970s. These were an important formative influence on the New Jewel Movement (NJM), the main party within the PRG, which took on board the demands for broad popular political consultations through popular assemblies and workers' councils. Prime Minister Maurice Bishop and other leaders of the PRG insisted that decentralized decision-making formed part of the Grenadian popular culture, in marked contrast to the elitism and neo-colonialism of Westminster politics (Thorn-dike 1990). Once in power, therefore, the PRG tried to create a new political system through mass organizations: increasing the powers of parish councils, and encouraging the formation of youth movements, women's organizations and cooperatives. The Village Coordinating Bureau, at the apex of the system, represented the attempt by the NJM to channel popular participation in favour of the government.

Political culture, however, is not transformed overnight; and it is not surprising that the four years of the revolution were a time of experimentation and innovation. And, in a scenario with certain similarities with the revolutions in Nicaragua and Cuba, there were undoubtedly limitations on the degree to which the PRG was prepared to preside over a process of popular participation and consultation in conditions where it was not assured of support. There was some tension between the ideal of participation and the revolution's need for internal control. The democratic centralism of the NJM and the centralization of decision-making in the hands of the Central Committee militated against the introduction of non-party and grass-roots participation. By the end of 1983, the NJM was concerned by the fall in levels of participation, but had not implemented any effective reform before the revolution collapsed amid internal divisions and the US invasion.

Development Policies

The Caribbean Basin is poor and underdeveloped. Revolutions cannot change that reality; they cannot work miracles; and the policies of revolutionary regimes must be evaluated in this light. Many basic features of the economy remain unchanged and the international system continues to determine the limits of development policies. Small peripheral economies which depended upon producing primary goods before the revolution will continue to do so afterwards, for the same reasons as before — the need to accumulate capital, the difficulties of export diversification, the absence of technology and markets, and at times the lack of a sufficiently skilled internal labour force able to produce more sophisticated goods. Revolutionary regimes continue to face the problems which affect all the economies of the region: dependence upon two or three export products of fluctuating value, unemployment and under-employment, especially seasonal, poor infrastructure etc.

However, though the structural problems remain the same, policies are now made in a changed environment, internally and externally. On the debit side, the three revolutions we are dealing with have faced external hostility, which can lead to withdrawal of investment, the closing of markets abroad, an end to aid or credit and economic blockade. At the same time, they encounter internally long-suppressed demands for welfare and higher incomes. The need to respond to internal pressures to raise living standards may stimulate internal demand for new products which, if they have to be imported especially, will almost certainly contribute to inflation. Yet revolutionary governments will have more trouble controlling the economy because they will have rejected some of the traditional tools for doing so: for example, inflation control through demand reduction. On the positive side, revolutions offer the possibility of implementing some positive changes in ownership and production. This may act as a stimulus to growth in the short term. And in those cases where a predatory dictatorial regime is overthrown, considerable assets may fall into the hands of the state. These can be used to create the nucleus of a new sector within the economy, whether state-owned or resold or redistributed. The export sector and in particular the internal use made of the foreign exchange generated

through exports is also an important difference between pre and post revolutionary economies.

Economic Policy-Making in Cuba

Cuba was the first country in the region to attempt a transition to socialism. Though sugar and external vulnerability continued to shape the political economy of the island, until the mid-1980s the island was regarded as a showpiece of socialist planning and its development policies served as examples of what peripheral societies *can* achieve in the areas of health, education and the eradication of gross inequalities. Since then, the loss of external support with the collapse of the Soviet Union has seriously undermined the island's economic performance. Soviet aid to Cuba was calculated as up to a million dollars a day in the 1970s and its removal has had a catastrophic effect on economic performance. Just as important as the loss of aid, is the loss of oil which Cuba imported cheaply from the USSR; like most of the region, with the exception of Trinidad and Tobago, Cuba is completely dependent on importing energy. As a result, Cuba's economy slowed by 80 per cent after 1991, when the loss of Soviet assistance began to bite. The subsequent economic collapse has brought into question the validity of Cuba's development programme. Notwithstanding, the reforms implemented remain important examples of the possibilities and limitations of revolutionary change on the periphery.

Following the revolution, Cuba's leaders decided that a radical change was needed in the economic base of the island. Rather than continuing to promote growth through export agriculture, they decided to pursue development through industrialization. Strengthening Cuba's industrial base became the central goal of policy-making in the early 1960s. One of the objectives of the nationalization of foreign-owned utilities which occurred almost immediately following Castro coming to power, was to stimulate the capitalization of the economy and encourage import-substituting industrialization. Yet the revolutionaries failed in this task and were forced to turn back to agriculture. Why did this happen? In fact, the drive for industrialization was thwarted from the beginning by the effects of the US blockade, which closed Cuba off from much-needed machinery, spare parts loans, etc. And there were serious problems later in the 1960s in adapting Cuban manufacturing to Soviet

machinery. There were also severe structural limitations – the small size of the internal market, for example. At the same time, investments in industry proved negative for the economy as a whole because they distracted attention away from sugar, with a consequent fall in production in the early 1960s and a shortage of foreign exchange.

The failure of industrialization prompted a return to sugar. It was a decision taken reluctantly since sugar had distorted the Cuban economy; for example, despite its strategic importance, it generated relatively few jobs, and then only irregularly and with unstable wages, fixed as they were to the international price of sugar. According to the 1953 census, around 60 per cent of the population was engaged in non-agricultural activities. Culturally and psychologically too there was a rejection of the crop most associated with imperialism and slavery. But by 1964, when the industrialization drives and diversification in food crops led to a severe drop in exports causing balance of payments problems, the central role of sugar in the economy was accepted. After all, sugar accounted for 80 per cent of all exports. The task ahead, therefore, was to produce sugar outside the plantation economy, which was swept away by the revolution, diversify markets (60 per cent of sugar produced before 1960 went to the US) and use the export revenue earned to promote economic diversification.

The structure of sugar production and its relationship with other agricultural crops was completely changed by a series of agrarian reforms. The large plantations had led to poverty and land concentration in the countryside, leaving only a small number of small peasants in possession of family or subsistence farms. Food production was therefore low and credit was difficult to obtain for non-sugar farmers. As a result, food was imported, amounting to 145 million dollars in 1958 alone. Legislation passed between 1959 and 1963 destroyed the plantation by determining that all estates over 67 hectares be expropriated. Some land was distributed to sharecroppers and tenant farmers but most of the expropriated holdings were transformed into collective farms. After the reforms were completed, collectivized agriculture accounted for 80 per cent of agricultural land in contrast to 12 per cent for cooperatives and 8 per cent for privately owned farms (Mesa-Lago 1981). A combination of political and economic reasons had led to the decision to collectivize rather than redistribute. Large estates were thought at

the time to have a greater potential output; and there was little pressure for land redistribution from below. Also, the agrarian reform was part of a total plan for rural development which included building schools, hospitals and new housing. This tipped the scales in favour of large estates which could offer a rational use of labour for construction and for the sugar economy.

In 1965, therefore, there was a major reorientation of economic policy. Emphasis was henceforth placed on increasing sugar output through state planning and investment. Cuba set targets for maximizing output without any reference to international demand and prices for the product. Although the 1970 target of 10 million tonnes was not met, by the end of the 1980s, 7.5 million tonnes of sugar annually was being produced. As a result, Cuba remains the world's largest exporter of raw sugar, the second largest producer of raw sugar and the third leading producer of sugar cane. Sugar still accounts for 80 per cent of total exports. If dependence on sugar remained the central feature of the Cuban economy, what therefore did the revolution change?

First, the way sugar is produced was greatly modified. Modernization and technification of harvesting and processing have largely meant the elimination of manual labour. In the mid-1980s, manual cane-cutters numbered less than 80,000. Second, output increased and land left idle on pre-1959 large estates was brought under cultivation. Third, with the destruction of the sugar oligarchy, the benefits of revenue from sugar have been more evenly distributed and workers have benefited from regular employment and stable incomes. And finally, from the early 1960s until the end of the 1980s, Cuba established a unique trading relationship with the USSR and the trading bloc it controlled, COMECON, which assured markets for Cuban sugar and therefore avoided for two-and-a-half decades the vulnerabilities of selling on the international market.

Even during the time that Cuba was assured of privileged access to Soviet and Eastern bloc markets, however, the island was unable to avoid completely the consequences of falls in world demand for sugar, with a consequent decline in prices. This trend intensified between 1984 and 1987 especially. More importantly, Cuba was locked into producing for a few countries, the USSR and the Eastern European states, whose decision to buy Cuban sugar was not a result of market demands. Therefore, the collapse of the

Eastern bloc socialist states has meant an end to Cuba's special deals – especially sugar for oil – and exposed Cuban sugar to the vagaries of international demand for a product whose price is falling as demand declines due to sugar substitutes and changes in European and US eating patterns. So while concentrating on sugar seemed a good idea in the 1960s and 1970s, the wisdom of that decision today is more questionable.

Agriculture currently employs about 20 per cent of the workforce. As well as sugar, Cuba produces small amounts of coffee, potatoes, rice, dairy foods, livestock and fish, and tobacco and citrus fruits, which formed part of a drive to diversify exports in the 1980s, a policy of limited success until 1989. Some of these products were produced within the small private sector, which achieved a higher output per hectare than the state sector. However, the Cuban regime has only ever expressed a marginal interest in encouraging the private sector in agriculture. Government initiatives to stimulate the private sector and encourage a limited internal market in agricultural goods, which began in the late 1970s, came to an end by the mid-1980s. Decisions about the role of the private sector in the economy have been motivated less by production levels and more by the ideological perceptions of policy-makers and international alliances. But in any case, encouraging the private sector would have had only a peripheral effect on Cuban agriculture because sugar remained the mainstay of the export sector; it is this fact which has led to Cuba's present-day vulnerability. Overall, the revolution led to better and more efficient production, to better health and safety and improved living standards for sugar workers, but it has not ended the island's dependence on one crop, the value of which is determined by external demand.

Cuba returned to sugar in the 1960s without completely abandoning industrialization as a complementary strategy. During the 1970s, industrial planning once again became an important objective. This time, however, industrialization was linked to the agricultural needs of the economy: for example, emphasis was placed on producing agricultural machinery and processing agricultural products. Rather than replacing agriculture, industry was now meant to complement it. By the mid-1980s, the industrial sector employed around 45 per cent of the economically active population and accounted for around 43 per cent of Cuba's gross social product. The early 1980s also witnessed the expansion of

some heavy industrial plants, such as steel, and the growth of light industry producing consumer goods. Possibilities for further expansion proved limited, however, because growth was determined by Soviet aid, investment and oil. So by 1987 growth was slowing and by 1989 the falls in output were huge. Once again, Cuba's development was curtailed by external vulnerability.

The privileged relationship between Cuba and the USSR ended in 1990-1, but, so far, commercial ties have survived. An agreement signed in 1991 meant that Russia imports sugar at around the price established in the Lomé Convention, less than earlier agreements and less than the costs of sugar production inside Russia. Nickel and citrus fruits are priced in the agreement according to the international market. The loss of oil proved most detrimental to Cuba and in 1992 a further agreement was signed offering oil to Cuba for sugar. Other agreements were signed with the remaining countries of the *Confederation of Independent States* (CIS) with Cuban exports priced at world market prices. The greatest vulnerability resulting from the loss of the agreements, however, is not the fall in prices as such but the collapse of the trading system in which Cuba operated and the absence of another structure in which the island can function.

The revolution's greatest success has been in the struggle against poverty. Welfare spending was a government priority through the 1960s and 1970s. Even in the early 1980s, when a combination of external debt, low sugar prices and increasing oil prices laid the foundations for Cuba's current problems, welfare spending was maintained. The resources generated by sugar were consistently used to allow the state to intervene on behalf of those sectors which were benefiting least from the pre-1959 market economy. However, government spending was shaped by the need to satisfy basic rights — health, housing etc. — rather than consumption. Improvements in the quality of life in Cuba were startling. Ninety-four per cent of all workers were brought into the state sector, which meant a guaranteed income, health care, unemployment benefit and a state pension. Life expectancy rose to 71.8 years. Infant mortality fell to 19.6 per thousand live births, comparable to Costa Rica, and the availability of hospital beds and doctors was higher than in Costa Rica by the late 1980s (Mesa-Lago and Diaz-Briquets 1988). Illiteracy, which was officially 24 per cent before the revolution but estimated at 50 per cent in the poorest provinces, was reduced to

4 per cent by 1979. An estimated 10,000 schools were built in 1959 alone. Land speculation was ended and vacant lots of land were sold for houses, while households also benefited from low-cost loans and energy tariffs. The Economic Commission for Latin America (ECLA) concluded that the social reforms improved the living standards not only of the poorest but also of middle income groups (Mesa-Lago and Diaz-Briquets 1988). However, by the beginning of the 1990s, the loss of international support and the tightening of the US blockade through the Torricelli Amendment were proving disastrous for Cuba, with severe reductions in living standards, food and petrol rationing and an increase in preventable diseases associated with poverty and undernourishment.

The Economic Policies of Revolutionary Nicaragua

While the economic policies of revolutionary Cuba were circumscribed by the weight of history and by sugar, on the one hand, and international relations and the Cold War on the other, Sandinista economic policies were caught between the need for economic reconstruction and a war economy, and dependence on export agricultural products in which Nicaragua exercised no comparative advantage of any sort. In contrast to Cuba, the Sandinistas chose to promote a mixed economy, though the revolutionary government retained a similar commitment to boosting living standards. As we shall see, however, their successes were considerably less.

Unlike the 26th of July Movement in Cuba, the Sandinistas came to power after a long and destructive war. Material damage was sustained in the course of the revolutionary insurrection in the order of 520 million dollars, and just as important, the harvest of 1979-80, which would have generated much-needed foreign exchange, was severely damaged. GDP had fallen in 1979 by 30 per cent in relation to 1977. But the war had only exacerbated the problems of an economy which was one of the most sluggish in the region. The dictator Somoza had increased the external debt and the public sector deficit in his final years which intensified the problems of underdevelopment. At the same time, the Sandinistas came to power on the eve of the worst recession in Latin America since the 1930s, and were soon to find themselves facing a US-backed military threat from the counter-revolutionaries, the 'Contras'.

The economic policies of the revolution must therefore be assessed within the context of these unprecedented difficulties.

The first measures adopted by the revolutionary Junta on coming to power in 1979 were directed at economic reactivation. The aim was to recover the productivity levels existing prior to the final insurrection. In this limited sense, the policies were successful. GDP rose by 4.5 per cent in 1980 and 5.4 per cent in 1981. Inflation went down from 48 per cent to 23 per cent between 1979 and 1982. But as export prices fell in the early 1980s, the government began to create a new framework for production, based on the principles of agrarian reform and the mixed economy. This new, more radical, orientation was possible because of the divisions in the revolutionary Junta. In 1980 the *Frente Sandinista de Liberación Nacional* (FSLN) established control over the government, alienating the moderate forces which had originally supported the revolution.

The key to the new economic policy was the mixed economy. The FSLN adopted this strategy because, ideologically, the Sandinistas rejected the idea of a monolithic centralizing state; and also for the practical reason that it appeared to offer the best guarantees for increasing production with a minimum of disruption through reorganization. The role envisaged for the state was two-fold: to restructure the economy so as to reduce dependence on exporting primary goods; and to redistribute income in favour of low income groups. Creating a state sector in the economy, known as the *Area de Propiedad Popular*, was initially easier than might have been anticipated because of the substantial personal holdings of the Somoza family and their close collaborators, which were expropriated in July 1979. This was followed by the nationalization of the financial system and foreign trade, thereby bringing domestic and foreign currency flows under state control, and then by the nationalization of forestry and fishing industries. By 1980, the state sector accounted for 18 per cent of total agricultural production and 100 per cent of mining, banking and insurance (Ruccio 1987). In 1982, transport and distribution of basic goods were brought into the state sector and the basic contours of the state holdings were completed, totalling around 40 per cent of GDP.

It was clear from the start that industrialization was not a viable strategy for the revolution in Nicaragua. The FSLN inherited a small and weak industrial base, mainly assembling goods for the home market. Although the urban population was relatively large,

it was engaged mostly in commerce and services. Therefore, although the Sandinistas took some industrial holdings into the state sector, industry was never regarded as priority. Instead, the overall economic strategy stressed agriculture, especially the external sector. Combined with the difficulties of obtaining spare parts because of the US blockade, credit problems, deinvestment and a slump in consumer spending, industrial production contracted through the 1980s. Industry's contribution to GDP fell from 23.4 per cent in 1978 to 15.8 per cent in 1988.

Agriculture, then, remained the main economic activity of the country and, significantly, the agro-export sector (coffee, sugar, bananas, cotton and cattle) remained outside the state. None the less, the Sandinistas did promote agrarian reform, redistributing in total more than one million hectares of land. The aim of the reform was to increase production for internal consumption. The policies were relatively successful in that food production increased, unlike production for export, at least in the early years of the revolution (Table 6.1). There were three stages to the reform: 1979-81, when the main emphasis was on collective agriculture, 1981-4, when

Table 6.1 Agricultural production in Nicaragua, 1977/78 and 1981/82

	1977/8	1981/2
<i>Export crops</i>		
Cotton	100	55
Coffee	100	112
Sugar cane	100	106
Bananas	100	73
Cattle	100	70
<i>Domestic</i>		
Corn	100	104
Beans	100	119
Rice	100	182
Pigs	100	158
Chickens	100	268
Eggs	100	348
Cooking oil	100	143
Pasteurized milk	100	187

Source: Dunkerley, 1988: 302.

cooperatives were encouraged, and 1985-90, when attention was paid to the needs of small peasant farmers. The Sandinistas' relationship with the landless labourers and poor peasants who make up 70 per cent of Nicaragua's rural dwellers, was at times contradictory and undirected, with the government curbing land invasions by peasants demanding access to land, especially up to 1981. This was because the government expressly committed itself to maintaining the export sector. Vilas suggests it was also a reflection of the social base of *Sandinismo* which was essentially urban, with links to the rural poor much weaker (Vilas 1989).

The first agrarian reform collectivized the holdings of the Somoza family, amounting to around 18 per cent of agricultural land. It also included a package of incentives for large and medium-sized farmers to increase output, including low taxes and cheap credit. The second reform, dating from 1981, led to the formation of agrarian cooperatives, which was more in line with the peasant demands. In order to provide land for the cooperatives, abandoned, idle and under-utilized land was expropriated, though efficiently farmed land in private hands remained untouched. The new cooperatives were given preferential access to credit with the aim of stimulating grain and food production for internal consumption. The reform of 1985 signified, however, a change in focus because it concentrated on the promotion of individual peasant farms over collectives. The policy shift was motivated by practical reasons: the *Contra* war had displaced over a quarter of million peasants, who now needed new land so as not to increase the numbers of unemployed in the cities. The reform also responded to land hunger in the richest provinces (Masaya, Carazo, Granada and Rivas) where little land was underutilized or idle. In 1985, a reformed sector of 5,000 hectares was created by expropriating large landowners who were offered land in Leon in exchange. The law still recognized private property, though, but only where owners accepted their responsibility to produce as efficiently as possible (Table 6.2). None the less it marked a clear commitment on the part of the government to a gradual reduction in large private holdings in favour of medium and small farmers.

The sweep of the agrarian reform was limited by the government's decision to keep the export sector in private hands, reflecting Sandinista commitment to the mixed economy. As the revolution progressed and the political situation inside the country polarized,

Table 6.2 Land ownership in Nicaragua (% of land owned)

Owner	1978	1981	1984	1986
Large private	35	18	13	11
Medium private	46	43	43	43
Small private*	18	19	25	28
State	0	20	19	18

*Includes cooperatives.

Note: Large estates are classified as those over 500mz or 350 hectares; medium as between 50 and 500mz, and small as under 50 mz.

Source: Close, 1988: 98.

this was to prove the Achilles' heel in the government's development policies. Unlike the mixed economy of Western Europe, which operates in a context in which the owners of property enjoy unrestricted political rights, the Sandinista mixed economy was based on the exclusion of the bourgeoisie from political power. Yet the economic policies depended for success upon the collaboration of private capital. Political and social policies were to be more radical than economic policies, with the result that the Sandinistas failed to allay the fears of the bourgeoisie or to allow them political power, while trying to reassure them that their right to accumulate capital would remain essentially untouched (Weeks 1987b). The FSLN assumed that private capital would continue to invest and produce, and with this in mind, policy - on taxation for example - was cautious. Producers, especially in the agro-export sector, were given preferential access to dollars and credit. Sandinista plans for economic growth depended on the agrarian sector to provide the bulk of the country's exports and foreign exchange. Yet the policy failed and by the mid-1980s the bourgeoisie was de-investing. Weeks sustains that the policy was untenable from the beginning, for political reasons, in that Nicaragua's propertied classes were excessively dependent culturally on the US and engaged in competition with the Sandinistas not for profit but rather for power and control of the state (Weeks 1987). Certainly it is interesting to note that Sandinista relations with multinational companies (Exxon, Royal Dutch Shell and Texaco in particular) were less conflictive than with domestic producers, indicating that the economic conditions of production allowed for private profits.

The failure of the private sector to respond to Sandinista incentives lies at the heart of the collapse of Nicaragua's economy in the 1980s (coupled of course with the costs of the war). It contributed to the massive balance of payments deficit which built up at the end of the 1980s. The Sandinistas continued to try and encourage private production by economic inducements. In order to avoid squeezing high income groups, therefore, the government raised credit abroad. This meant increasing foreign indebtedness, with the result that Nicaragua achieved the distinction of having the highest debt in Central America. Consequently there was a shift to austerity policies after 1985, to the detriment of the short-term interests of a variety of social groups, many of which were Sandinista supporters, increasing tensions between the state and society.

One area which was outside the control of the market was the satisfaction of basic needs. FSLN policy included the introduction of a 'social wage', that is non-cash social benefits, social services, health and education in particular, and the introduction of food subsidies. After 1979, the government extended pension and social security rights to cover twice as many people as in 1979. But these policies were affected, severely in some cases, by the shift to austerity. In addition, the revolution had been unable to solve some of Nicaragua's social and economic problems because the pressing demands of the war combined with the recession of the 1980s turned government attention towards survival. Urban unemployment never fell below 20 per cent, the informal sector remained large, with informal workers for the most part unprotected by the new legislation and conditions of work uncontrolled.

The austerity measures – reduction of state investment, wage increase freezes, devaluation, etc. – were intensified after 1986 but were unable to stem the precipitous decline of the economy in the face of US hostility, civil war and de-investment. The costs of the US-backed war in particular were too great to be mitigated by government policy. In 1988 Nicaragua was close to economic collapse, with inflation running at 36,000 per cent, an unserviced external debt, an absence of new credit, and plummeting exports. Unemployment rose, especially in urban areas, and basic necessities were in short supply. Industrial production fell by 20 per cent in 1989. Peace was the only route to economic stability; in February 1990, Violeta Chamorro was elected into office on behalf of the *Union Nacional de Oposicion* (UNO) because of a belief that the

Sandinistas were unable to negotiate an end to the *Contra* war. In sum, then, how can we account for the collapse of the Sandinista economy? While the price of the war and US aggression can scarcely be exaggerated, we must also recognize as causal factors the poor economic base which the new regime inherited, the recession of the 1980s, and errors in economic strategy, which led the regime to promote a mixed economy which was unable to guarantee even the maintenance of 1979 levels of production. Were there alternatives? Hardly any at all. Whatever theoretical options the Sandinistas could have chosen, the implementation of an alternative economic strategy required external backing, which in the 1980s was unavailable.

The Economic Policies of Revolutionary Grenada

The revolution of 1979 on the tiny island of Grenada brought the People's Revolutionary Government (PRG) to power, dominated by the New Jewel Movement (NJM). Jewel stood for Joint Endeavour for Welfare, Education and Liberation, which were the stated goals of the revolutionary movement. The island has a population of less than 100,000 and possessed one of the lowest per capita incomes of the region. Unemployment was around 20 per cent and emigration was high, running at a rate of 2.5 per cent a year. None the less, the economy was not, strictly speaking, in a critical situation. The 1970s had witnessed a slow process of growth and the economy was rather more diversified than other Caribbean islands, with nutmeg, cocoa and bananas representing the main exports. And despite large numbers of small and uneconomic holdings in the countryside, there was little evidence of widespread land hunger or of a radical peasantry pushing for reform. Together, these factors, so different from Cuba or Nicaragua, account for the fact that the PRG presided over a process of reform of capitalist economic structures, rather than attempting to introduce a socialist model of political economy. US hostility to the revolution did not mean particularly harsh treatment from international lending agencies, in contrast to Nicaragua. In fact, the IMF approved a loan to Grenada just months before the US invasion in 1983 toppled the divided revolutionary government.

The starting point for the design of PRG economic policy was the need to relieve poverty on the island. According to Prime Minister

Maurice Bishop, the causes of poverty in Grenada lay not in the smallness of the economy, but rather in the island's dependence. Formally independent from Britain in 1974, the island's economy remained dependent upon the powerful capitalist states which controlled Grenada's exports and determined the prices of imports – food, agricultural inputs and manufactures. Policy was therefore aimed at increasing food output, diversifying imports, promoting some industrial development and creating a 'new' kind of tourism, to reduce the island's dependence. In all of these areas, the state was envisaged playing an important role.

As in Nicaragua, the role of the state was central to policy-making within the overall context of a mixed economy. But, in Nicaragua, the mixed economy was still viewed by the Sandinistas as the first step to a transition to socialism, whereas the approach of the PRG was overtly populist (Thorndike 1985). Bishop explicitly acknowledged the reformist nature of government policies. He argued that the revolution was 'national-democratic, anti-imperialist', and not 'socialist'. 'It is obvious that we do not have a socialist revolution', he added, 'and it is precisely due to (1) the low level of development of the productive process . . . and (2) our working class is small and too underdeveloped politically' (Whitehead 1990: 356). The more orthodox left in the NJM was dissatisfied with the reformist nature of government policies and the issue was to become one of the major factors in the internal divisions within the Central Committee of the NJM which led to the revolution's collapse and created the conditions for the US invasion. In Grenada, ideological conflict, rather than economic collapse, laid the foundations for the defeat of the revolution.

Nevertheless, despite internal party criticism, Bishop persisted with the mixed economy approach. According to Bishop's major policy speech, the *Line of March* of 1982, the state sector, most of which had been inherited from the previous Gairy government, was to be dominant, but was to operate on competitive lines and was to be compatible with the small bourgeoisie. In 1979, before the PRG reforms, the state owned 10 per cent of land, which was used to grow export crops, and 50 per cent of all public utilities. The PRG increased the size of the public sector through the nationalization of the four major banks, took more land into state ownership to bring the figure to 25 per cent of land, nationalized the properties of the deposed leader Eric Gairy, and bought and

refurbished the Holiday Inn, to be the prototype of the new tourist industry.

The role of the state was to reorganize economic activity through planning, improve production techniques and to take charge of marketing produce. The state was also to finance projects of economic reconstruction which required high levels of investment – tourist infrastructure and the ill-fated new airport, which aroused the suspicions and resentment of the US because of Cuban participation in the project, fell into this category. The idea was less that the state would dominate the economy as that it would impose a rationale and a culture of efficiency within the economy. Bishop outlined a series of five-year plans for state activity in the *Line of March*: the first was to push the island from primary exports and tourism, to mechanization and industrialization of agriculture, to the final stage of economic diversification. Of course, none of these proposals could be implemented because of the 1983 invasion.

The four-and-a-half years that the revolution lasted are too few to analyse the economic policies in any definitive way. We should note the activities of the Marketing and National Importing Board as a success in controlling the process of basic commodities, including drugs and hospital supplies, fertilizers, powdered milk and cooking oil (Thorndyke 1985). Politically, however, the very success of the state in this area increased the antagonism of the private sector, whose profits were low in 1980 and 1981. The PRG tried to respond to the needs of private enterprise and introduced further economic incentives for private industry. This policy appeared to be successful, with private activity growing more dynamic in 1982. But the upturn was only partial and not sufficient to guarantee anything more than passive acceptance on the part of the business community towards the government. This became clear in the attitudes of private capital towards the US invasion. And not all public sector bodies were as efficient as the Marketing and National Importing Board. The PRG acknowledged that most state industries were undercapitalized and lost money and that the small industries set up by the government generated net losses. This is not surprising in the first stage of a major economic reorganization. How the revolution would have addressed these problems in the long term is, unfortunately, a matter of only conjecture.

It is interesting to note that, given the fact that land concentration is high on the island, the land issue was never particularly

important for the PRG, in contrast to both Nicaragua and Cuba. Few demands were made by the rural population on the government. Rather than transforming the structures of production, therefore, the PRG concentrated on raising the production levels of export crops. One way was through bringing idle land into cultivation. The Land Utilization Act allowed for the expropriation of idle land and its redistribution through the Land Reform Commission to unemployed young people who were interested in setting themselves up as small farmers. Not surprisingly, with little formal training in agriculture or management, the productivity of this reformed sector was poor.

Like Nicaragua, the Grenadian export economy suffered considerably from the fall in commodity prices in the early 1980s. While the government successfully pushed up the output of nutmeg, for example, during 1980-3, from 3.35 million pounds to 5.34 million pounds, export earnings from nutmeg remained almost the same: 3.16 million dollars in 1980 to 3.25 million dollars in 1983. Cocoa was also affected by a fall in international prices. But on the positive side, production for internal consumption increased and self-sufficiency in food production rose from 69.4 per cent to 72.5 per cent. And the small-scale development projects that the PRG backed – for example, small rural cooperatives – offered a real alternative in terms of meeting people's needs for basic necessities and employment. Although they generated small profits, they constituted an important development initiative for local communities. The director of one small women's fruit cooperative defended cooperative farming in the following way:

you're saying to farmers that you're creating an alternative for farmers to produce things that do not have to be exported . . . they have an alternative to foreign exchange with money being put directly into the pockets of the very small farmers . . . you don't have to walk into a rural community and put down a massive industrial plant . . . you can . . . allow people to take decisions and make decisions and discuss their own problems and find solutions. (Deere *et al.* 1990: 111)

As in Cuba and Nicaragua, the PRG committed itself to raising living standards, and in the short time the revolution survived, its achievements were remarkable (Payne, Sutton and Thorndyke

1984). The policies to improve living standards were underpinned by a conviction that poverty fostered dependency, which operated as an obstacle to development and encouraged emigration. Education was the first priority, absorbing 22 per cent of the 1982-3 budget, followed by health, which accounted for 14 per cent. The idea behind the educational reforms was not simply to increase access to formal education but to transform cultural assumptions implicit in the system in a way which would increase national dignity. For example, Creole, spoken by many Grenadians especially in the countryside, was recognized alongside English in schools. The importance of adult education was also stressed.

The revolution also expressed strong support for policies that would reduce gender inequalities. The PRG went further than either Nicaragua or Cuba in this area, and created a separate Ministry for Women which was prominent in trying to extend job opportunities and create infrastructure – daycare, etc. – which would enable poor women to enter the formal labour force. Maternity leave was created for the first time in 1980. Behind the different approach to gender issues on Grenada lies a very different social and cultural reality: women in Grenada have long assumed the roles of principal earners in the family unit due to the prevalence of female-headed families and male emigration.

Given Grenada's small industrial base, manufacturing under the PRG was bound to remain weak. Private investment was low, and fell during the period of PRG government. Yet the PRG was unwilling for political reasons to increase production through an expansion of the state sector for fear of attracting more international hostility than already existed. The exception to this was to be the tourist industry which the PRG decided to push strongly. Considerable hopes were placed on expanding the economy through increasing receipts from tourism. Unfortunately, income from tourism fell steadily throughout the period. This occurred for a number of reasons. First, though the PRG decided to prioritize the industry, many political leaders displayed an ambivalent attitude towards an industry which, beyond all doubt, reinforced a series of negative stereotypes about Caribbean culture and was vividly indicative of the dependence of the island on the spending power of North Americans and Europeans. Bad publicity about the revolution in the US made the situation worse and led to a fall in the number of US visitors. But the real problem was that tourism in

Grenada was less competitive than in other islands such as St Lucia because of poor infrastructure on the island. This led to the decision to build a new airport so tourists could arrive directly. The project required international funding which was provided in part by Cuba, the revolution's most important ally. This collaboration brought the PRG into a head-on conflict with Washington, who argued that the airport would be used by the Cubans for military purposes and therefore constituted a threat to US security. It was to serve as the justification behind the invasion.

Revolutions and External Relations

Cuba, Nicaragua and Grenada are small, vulnerable societies whose history has been shaped by the needs of great powers. Today their economies depend upon external trade in primary commodities. Their export sectors have become specialized over time in accordance with the external linkages. Both external cooperation and a new pattern of foreign relations were therefore perceived as fundamental for the success of the revolutions in all three cases.

Creating a new pattern of external relations has in all three cases meant conflict with the US. The reasons for this are many. Revolutions bring into question the political, economic and cultural hegemony of the US in the region, and it is only to be expected that the US will resist any decline in its influence in the Caribbean. The external relations of revolutionary regimes must therefore seek to limit the potential damage done by US hostility as well as try to use aid from abroad, where it can be obtained, to foster equitable development. Cuba, Nicaragua and Grenada sought, at least in the first instance, to construct 'peripheral autonomy' (Jaganaribe 1979). This refers to the process by which states which lie within a geographical area that the US has defined as vital for its own national security none the less try and establish autonomous external relations. In their search for peripheral autonomy, the three revolutions sought support in different degrees from the USSR until its disappearance, and from Western Europe, Latin America and the Non-Aligned Movement. The difficulties of this task were increased by the international climate of the period 1960-90. The Cold War determined the contours of

the international system and the three states were vulnerable to the pressures of superpower politics.

Cuba

Cuba was the first revolutionary state in the Americas; the revolution occurred at the height of the Cold War. Cuba's external relations have been decided by these two facts. Despite an early attempt to court support from Washington, including visits from Castro to the US in the months following the successful march on Havana, in April and May 1959, relations with the US soured quickly. By the summer of 1960, the US had eliminated Cuba's sugar quota, a prelude to the general economic embargo which was to follow, and Castro had expropriated all US property on the island, to be followed by the nationalization of the economy in October 1960. The US broke off diplomatic relations in January 1961 and attempted to overthrow Castro in the infamous Bay of Pigs invasion in that year. The attempt failed, but illustrated the vulnerability of the revolution and prompted further radicalization, with Castro declaring himself Marxist-Leninist in December 1961, leading to closer ties between the island and the USSR. Soviet support at this point probably guaranteed the survival of the regime, but made the revolution dependent on Soviet assistance.

Soviet aid, especially in the economic field, was slower to materialize than is often realized. The results of Cuba's 'moral incentive' approach to economic planning had proved disappointing, symbolized by the failure of the attempt to harvest 10 million tons of sugar in 1970, and this fact formed the backdrop to closer ties which were based on Cuban accommodation to Soviet-style development. It was not really until the second decade of the revolution that Cuba adopted the Soviet system of planning, followed by the first five-year plan in 1975. Cuba was admitted to the Council for Mutual Economic Assistance (COMECON) in 1972, which led to an intensification of trade with Eastern bloc countries. Despite rising output throughout the 1970s and early 1980s, integration into the Eastern bloc did not prove a perfect solution for the island. Economic development was hampered by the incompatibility of Soviet spare parts and machinery with the existing economic infrastructure and by the fact that Cuba was awarded low priority in trade terms by COMECON. Partly to offset

these difficulties, Cuba tried to diversify its trade by building links with Western Europe and Japan.

The effects of Cuba's relationship with the USSR has been the source of intense debate, particularly the question of whether it can be termed a 'dependent' relationship. The centre of the debate was the significance of the Cuban-Soviet agreements. The agreements covered loans, trade credits, and technical assistance, and promised markets for sugar and nickel. It is difficult to establish exactly how much the agreements cost the USSR partly because the debate about dependency and 'sovietization' became charged with ideological vehemence. One-sided views were common in the 1970s and 1980s on both sides of the debate (F. Fitzgerald 1978; Binns and Gonzalez 1980; MacEwan 1981).

According to Leogrande, Cuba remained dependent on the USSR, though to a lesser degree than it had been on the US before the revolution (Leogrande 1979). On the other hand, Brundenius dismissed the notion that dependency can be measured on a sliding scale and argued that Cuba's relationship with the USSR was not dependent at all because it was not exploitative, the core meaning of the term. He concluded that there was a reduction in trade dependency after 1970 and pointed to the diversification of the Cuban economy which took place with Soviet assistance (Brundenius 1984). The USSR also bought Cuban sugar in guaranteed quantities and at assured prices, while paying in convertible currency for sugar bought outside the agreement. Cuba was also sometimes able to sell sugar from the Soviet quota on the open market when prices were higher than in the agreement. The relationship undoubtedly saved Cuba from the vulnerability which would have otherwise resulted from selling sugar at unstable international prices during this period.

On the other hand, the negative aspects of the relationship cannot be ignored. Apart from encouraging a political model of central control and one-party dominance, the deal also had some negative side-effects economically. It perpetuated reliance on sugar through to the present day, though international demand has been steadily contracting since the 1960s because of increases in global production, especially from within Europe, and the rise of sugar substitutes. For Mesa-Lago, integration into COMECON constrained Cuban development and he warned somewhat prophetically that 'the USSR has the capacity to cut supply off to the island of virtually all oil, most capital, foodstuffs and raw materials, about

one-third of basic capital and intermediate goods and probably all weaponry' (Mesa-Lago 1981).

What measures could Cuba have taken in the past to improve the situation the island is in today? Diversify external relations beyond the USSR and COMECON is the obvious answer, but Cuba *tried* to promote closer ties with countries beyond the Eastern bloc and the result was overall a failure. The US blockade was observed by most Western countries until the 1970s, and Cuba's pro-European policies, including offering trading agreements and looking for credit and the creation of mixed enterprises between the Cuban state and private European capital, have been of very limited impact. Cuba has complained since the 1980s of the European Union's protectionism and of the fact that the members of Lomé receive preferential access to European markets in detriment to other developing countries.

A second strategy was to try and rebuild bridges with Latin America, broken by the support of the Organization of American States (OAS) for the US position following the Cuban revolution. In 1986, Cuba became an observer in the *Asociación Latinoamericana de Integración* (Latin American Integration Association - ALADI) and throughout the 1980s ties deepened with Latin America. Cuba tried to reduce its oil dependency on the USSR by importing petroleum from Venezuela and Mexico in 1978, 1983 and 1991, though the agreements were for a very small percentage of Cuba's needs. It could be argued, therefore, that the limitations on Cuban development, now painfully evident, are less the result of sovietization, and rather the structural limitations which result from being a small agro-exporting peripheral state, exacerbated by a fall in international demand for the main exchange-earning commodity, and intensified by oil dependence. The real criticism of Cuba's foreign policy since the revolution is that it masked these problems without solving them. The relationship with the USSR allowed the Cuban leadership to avoid facing the most pressing problems of underdevelopment but at the expense of leaving unchanged Cuba's market concentration.

Nicaragua

The external relations of Nicaragua after 1979 were determined by the decision of the revolutionary government to diversify diplomatic

and commercial relations, partly as the key to economic growth and partly to reduce dependence on the US; and the reassertion of US hegemony under President Reagan in the early 1980s, which was to culminate in the *Contra* war, financed from Washington against the revolution. Nicaraguan foreign policy thus aimed at constructing a viable pattern of economic and political external relations in a war situation with the idea of limiting the impact of the war on the economy as far as possible. Sandinista foreign policy became in the process, in the words of the Sandinista *comandante*, Tomás Borge, 'an instrument of survival' (Yopo 1987). The Sandinistas emphasized external diversification, which was in fact the only possible strategy after the US blockade was decreed. In particular, they needed new markets, alternative sources of military supplies, industrial and technological goods, credit and diplomatic support. The Sandinistas sought to intensify relations with Western Europe, the Eastern bloc countries, Japan and the rest of Latin America and the Caribbean. They were, however, to be only partially successful.

The core problem was vehement opposition from the US. The Sandinistas had inherited an economy particularly dependent on the US which made diversification in some areas of the economy difficult in the short term. And diversification of external markets could not in any case counterbalance the impact of US hostility and of the US-financed war, the impact of which is difficult to exaggerate. The most direct effects were felt at the macroeconomic level: the loss of primary products, the collapse of forestry, fishing and mining, the impossibility of picking coffee harvests and of maintaining viable agricultural enterprises in the areas affected by the fighting. To all of this, we have to add the costs of direct structural damage, of the financial aggression on the part of the US which blocked international loans, of the trade embargo decreed in 1985 and the impact of having to prioritize defence spending over social reform inside Nicaragua in order to fight the war. The US also mined Nicaraguan ports in 1984, an act which was condemned by the International Court of Justice in the Hague. By 1989, the *contra* war was absorbing 50 per cent of government expenditure. According to some estimates, had it not been for the war, the Nicaraguan economy would have functioned with a healthy rate of growth and without serious imbalances throughout the 1980s (E. V. K. Fitzgerald 1987).

In Western Europe, where Nicaragua had placed most hopes and where the size of the European Union (EU) market created greatest expectations, the response to Nicaragua was mixed. West European aid to the revolution peaked in 1981 and thereafter declined, though the EU continued to support dialogue and a negotiated solution to the wars in Central America throughout the 1980s. After 1981 especially, European assistance was patchy. Credits and loans from Western Europe constituted only 11.6 per cent of the total of Nicaraguan multilateral and bilateral finance between 1979 and 1985, a figure surpassed by credits from other Latin American/Caribbean countries who provided collectively 23.1 per cent during the same period, despite the continental recession (Stahler-Sholk 1987). Nevertheless, by 1988, 70 per cent of economic aid to Nicaragua was being provided by Eastern Europe. West European-Nicaraguan trade presented a slightly happier picture, with Europe taking 55 per cent of Nicaraguan exports up to 1986 and 90 of her coffee exports, with Spain, West Germany and France figuring as particularly important trading partners.

West European military assistance followed a similar pattern. In the early years of the revolution, European sympathies meant that Europe became an important supplier of arms; in 1981, for example, France sold the Sandinistas 15 million dollars worth of armaments. By 1985, Western Europe was reluctant to continue this policy, partly due to US pressure against the policy which was by now intense, and partly because of the shift rightwards in European politics, which meant that European governments were more prepared to accept that view that it was the radicalization of the Nicaraguan revolution which was provoking the Central American crisis.

Economic links were established also with Latin American countries, some of whom provided important diplomatic legitimization for the revolution. The Contadora group (Panama, Mexico, Venezuela and Colombia) with the *Grupo de Apoyo* (Brazil, Argentina, Uruguay and Peru) insisted on the need to solve the Central American crisis through diplomatic means without extra-regional (that is, the US) interference, which was important for Nicaragua. Mexico and Venezuela provided oil on concessionary terms, Venezuela up to 1982 and Mexico until 1984, reportedly stopping as a result of IMF pressure (Stahler-Sholk 1987). Relations with Cuba were also close, with economic aid totalling 286 million dollars during 1979-82. Cuba also provided industrial aid, develop-

ment assistance, especially in the fields of health and education, and military aid until 1988. There was some response too from other countries. Libya provided a one-off loan of 100 million dollars in 1981, and trade links were established with Algeria, Iran and Japan. Cotton found a major outlet in Japan. Cotton sold to Japan increased from 38 per cent of total Nicaraguan cotton sold abroad in 1978 to 44 per cent in 1982 to 60 per cent in 1985.

As economic cooperation from Western Europe and Latin America waned in the mid-1980s, Nicaragua was forced to lean more and more on the Eastern bloc countries. A repeat of the aid package on the scale of Soviet assistance to Cuba, however, was never a possibility, nor indeed an aim of Nicaraguan policy. Nevertheless, after 1985, oil was provided almost exclusively from the USSR. Imports and development projects, including the setting up of textile factories and a deep-water harbour project on the Atlantic coast, increased after 1985. Soviet military aid, the most contentious area of cooperation, became more significant in the absence of supplies from Western Europe and the intensification of the *Contra* war. By 1989, the total of Soviet economic and military aid was estimated at 3,000 million dollars. But there is no evidence to suggest that this aid increased Soviet influence over internal political models or other areas of foreign policy.

Revolutionary Nicaragua tried to limit the damage that US hostility wreaked on her development prospects by pursuing diversification of external linkages. In contrast to Cuba, which became more and more integrated into an alternative trading bloc, Nicaragua tried to foster relations with Western Europe, Latin America, Japan and non-aligned countries. Up until 1985, the policy was relatively successful, but in the second half of the revolution, the combined effects of US pressure on allied governments, the stepping up of the *Contra* war substantially weakened Nicaragua's productive base while external aid from Western countries dropped significantly. These events serve to emphasize the difficulties which face societies which embark upon the task of constructing alternative development patterns in the region.

Grenada

Independent only since 1974, small and poor, Grenada has been dependent on external economic and military aid since its indepen-

dence from Britain. Not surprisingly, in view of its size and history, its dependence is even more marked than that of Nicaragua or Cuba. For the People's Revolutionary Government (PRG), therefore, the management of external relations was of utmost importance. One analyst described the attempted transition in Grenada as 'socialism through external aid', such was the significance conceded to external cooperation (Pryor 1990). The New Jewel movement (NJM) argued that Grenada's underdevelopment could only be fully overcome within the context of a new system of international relations, conceding greater power and autonomy to primary-producing nations, but that, meanwhile, policies such as a non-aligned foreign policy, diversification of external markets, aid and imports should alleviate dependence. A close relationship with Cuba was of central importance to Grenada's revolutionary strategy, both as a regional ally and as an example of what could be achieved socially through the adoption of socialist policies. The PRG also tried, with noticeably less success, to court the support of the USSR. None the less, the US continued to assert that Grenada was on the road to 'becoming the second Soviet proxy in the Caribbean' (Payne 1990).

Cuba provided the most steady support, regionally and otherwise, to the Grenadian revolution. Aid from Cuba increased steadily during 1979-83. It included technical assistance in agriculture, education, health care and military support. By 1983 it was estimated at 500 dollars per capita - though with a population of only 100,000, this was not a huge amount (Whitehead 1990). The planned new airport in Port Salinas was only possible because of an agreement with Cuba to contribute 40 million dollars to the project, approximately half its total cost. Cuban advisers played an important role on the island, with 800 present when the US invaded. Not surprisingly, Cuba came to be seen by the PRG as its lifeline, especially in view of the hostility towards the revolution expressed by Washington after the election of President Reagan in 1980.

Unlike the FSLN, which successfully courted support for non-intervention from Latin American countries, the PRG was unable to assure itself of the support even of its closest neighbours in the Commonwealth Caribbean. Although the government moderated somewhat the ideological content of its discourse, with a view to neutralizing the opposition of regional governments, the other

member states of CARICOM, whether for reasons of ideology or because of US pressure and the temptations of the Caribbean Basin Initiative (CBI) programme, did not offer regional solidarity to the PRG and rather supported the US invasion. Indeed, troops from Barbados and Jamaica actually participated in the invasion.

The experience of Grenada illustrates the limitations imposed from outside on policy-making by revolutionary governments in the region. Not large or important enough to attract any significant investment or diplomatic support from Western Europe and too radical to command the acceptance of the rest of CARICOM, the invasion of the island made little impact internationally. It did no damage to US-European relations even though Grenada is a member of the British Commonwealth. At the same time, Grenada discovered that the USSR was not prepared to back a second revolutionary state in the Caribbean. Cuba, its only real ally, and itself the victim of external aggression, was of course powerless to protect the PRG from invasion, especially after the murder of Maurice Bishop. More even than Nicaragua and Cuba, the room for manoeuvre in Grenada was always limited in the extreme.

Conclusion

The findings of this chapter paint a very sombre picture of the possibilities for radical change and transformation in the region. The three revolutions we have looked at have experienced external opposition and found real difficulties in designing alternative development programmes. Only Cuba partially escaped these problems – for a time – by tying its fortunes overwhelmingly to the USSR. In Nicaragua, where the collapse of the revolutionary economy was most severe, output declined, there were capital shortages, lack of investment, hyperinflation and shortages of basic necessities. Why did this happen? Are the policies adopted misguided and inadequate? Does the answer lie in the external vulnerability of these regimes? To sum up, we can identify four major reasons for the overall disappointing economic performance of revolutionary regimes in the region: first, the problems inherent in a transition from a capitalist system to production, to different forms of socialism; second, the difficulties of pursuing development and growth in small peripheral economies, where economic policies

have been articulated historically in the interests of external forces, and which are subject to broad fluctuations in the international prices of their exports; third, the problems which arise from the internal opposition of the displaced political and economic elite, leading in some cases to counter-revolution; and finally, the difficulties of managing external relations, meaning trade, investment and aid, and relations with the US. Given the weight of these problems, it is perhaps less surprising that Cuba, Nicaragua and Grenada encountered such severe problems in constructing the new societies that they aimed at and more surprising that they achieved some limited successes in vital areas such as redistribution, health and education.

Revolutionary change and building socialism are not seen at the moment as the way forward to development and prosperity in the region, partly due to a general disorientation of the left throughout the region, as a result of domestic defeat and the collapse of the USSR. Cuba, Nicaragua and Grenada are not perceived by other states as models to follow. This is not only because of their association with Eastern bloc socialism or with economic collapse but also because all three revolutions failed to develop a political system which is participatory, democratic and internationally acceptable. This, along with economic development, is the challenge for the region's progressive movements in the future.