Summary

Since Fidel Castro stepped down from power in late July 2006, Cuba’s political succession from Fidel to Raúl Castro has been characterized by a remarkable degree of stability. While there have not been any significant economic changes under Raúl, there are signs that some changes could be coming. In a July 26, 2007 speech, Raúl maintained that structural changes were needed in the Cuban economy in order to increase efficiency and production. Moreover, expectations for economic change are increasing in Cuba. Some observers have speculated that Fidel will choose not to be re-elected as President of Cuba’s Council of State (which makes him head of state and government) when, on February 24, 2008, the national legislature is scheduled to select from among its ranks the members of the Council of State. Cuba’s stable political succession from one communist leader to another raises questions about the future direction of U.S. policy, which currently presumes a democratic transition after the departure of Fidel. This report will not be updated. For developments in U.S. policy toward Cuba, see CRS Report RL33819, Cuba: Issues for the 110th Congress; and CRS Report RL31139, Cuba: U.S. Restrictions on Travel and Remittances. For background and analysis in the aftermath of Fidel Castro’s stepping down from power in July 2006, see CRS Report RL33622, Cuba’s Future Political Scenarios and U.S. Policy Approaches.

Cuban Developments

Stable Succession. It has been a year and a half since Fidel Castro ceded provisional control of the government and the Cuban Communist Party (PCC) to his brother Raúl on July 31, 2006 because of poor health. While initially many observers forecast Raúl’s assumption of power as temporary, it soon became clear that a permanent succession of political power had occurred. Fidel’s health improved in 2007, and he allegedly has authored numerous essays in Cuba’s state-run press, but his condition has remained weak, and most observers contend that he will not resume his previous duties in the Cuban government.
Whether Fidel will retain his titular positions as head of state and government and leader of the party remains unclear. On January 20, 2008, Fidel was among the 614 candidates elected to Cuba’s legislature, the National Assembly for Peoples Power. As in the past, voters were only offered a single slate of candidates. On February 24, 2008, the new Assembly is scheduled to select from among its ranks the members of Cuba’s 31-member Council of State. Fidel Castro serves as President of the Council of State, which makes him head of state and government, but observers have speculated that Fidel will choose not to be re-elected as the Council’s President, which would officially confirm his departure from heading the Cuban government. Statements from Castro himself have hinted at his potential official retirement.

Even before Fidel provisionally stepped down from power in July 2006, a communist successor government under Raúl was viewed as the most likely political scenario for Cuba’s government after Fidel. As First Vice President of the Council of State, Raúl has been the officially designated successor pursuant to Article 94 of the Cuban Constitution, and in the past, Fidel publicly endorsed Raúl as his successor as head of the PCC. Moreover, Raúl’s position as head of the Revolutionary Armed Forces (FAR), which essentially controls Cuba’s security apparatus, made him the most likely candidate to succeed Fidel.

What is notable about Cuba’s political succession from Fidel to Raúl is that it has been characterized by political stability. There has been no apparent evidence of rivalry or schisms within the ruling elite that have posed a threat to Raúl’s new position. In the aftermath of Fidel stepping down, Raúl mobilized thousands of reservists and military troops to quell a potential U.S. invasion. He also reportedly dispatched undercover security to likely trouble spots in the capital to deal with any unrest, but the streets remained calm with a sense of normalcy in day-to-day Cuba.1

Prospects for Change. As Raúl stepped into his new role as head of government, a number of observers predicted that he would be more open to economic reform than Fidel, pointing to his past support for opening up farmers’ markets in Cuba and the role of the Cuban military in successfully operating economic enterprises. Many have speculated that Cuba under Raúl might follow a Chinese or Vietnamese economic model. To date, however, there have not been any significant economic changes to indicate that Cuba is moving in the direction of a Chinese model. Moreover, Vice President Carlos Lage, known for orchestrating Cuba’s limited economic reforms in the 1990s, reportedly said in late August 2007 that Cuba would not follow the same economic path of other communist nations such as China and Vietnam.2

Nevertheless, with several minor economic policy changes undertaken by Raúl, there are some signs that more substantial economic changes could be coming. Raúl’s leadership style is far different than that of Fidel, with observers maintaining that Raúl is more pragmatic with a consultative decision-making style. He is not prone to excessive political rhetoric, and he has only given a few public speeches since he assumed power.

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Among the smaller economic changes under Raúl, the Cuban government has paid off its debts to small farmers and raised prices that the state pays producers for milk and meat; customs regulations have been relaxed to allow the importation of home appliances, DVD players, VCRs, game consoles, auto parts, and televisions; and private taxis have been allowed to operate without police interference.\(^3\)

In a speech on Cuba’s July 26, 2007 revolutionary anniversary (commemorating the 1953 attack on a military facility in Santiago, Cuba), Raúl Castro acknowledged that Cuban salaries were insufficient to satisfy basic needs, and maintained that structural and conceptual changes were necessary in order to increase efficiency and production. He also called for increased foreign investment. For some, Raúl’s call for structural changes was significant, and could foreshadow future economic reforms such as allowing more private enterprise and a shift away from state ownership in some sectors.\(^4\) A contrary view is that Raúl’s speech offered nothing concrete that would open the Cuban economy, but instead emphasized that the key to economic improvement was greater discipline and productivity.\(^5\)

Whatever the case, it seems clear that Raúl’s speech has increased expectations for change within Cuba. In the aftermath of the speech, thousands of officially-sanctioned meetings have been held in workplaces and local Communist Party branches around the country where Cubans have been encouraged to air their views and discuss the future direction of the country. Complaints have focused on low salaries and housing and transportation problems, and some participants have advocated legalization of more private businesses.\(^6\) Raised expectations for economic change in Cuba could increase the chance that government actually will adopt some policy changes. Doing nothing would run the risk of increased public frustration and a potential for social unrest.

Several factors, however, could restrain the magnitude of economic policy change in Cuba. A number of observers believe that as long as Fidel Castro is around, it will be difficult for the government to move forward with any major initiatives that are viewed as deviating from Fidel’s orthodox policies. Other observers point to the significant oil subsidies and investment that Cuba now receives from Venezuela that have helped spur Cuba’s high economic growth levels over the past several years, and maintain that such support lessens the government’s impetus for economic reforms. Another factor that bodes against rapid economic policy reform is the fear that it could spur the momentum for political change. Given that one of the highest priorities for Cuba’s government has been maintaining social and political stability, any economic policy changes are likely to be smaller changes introduced over time that do not threaten the state’s control.

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While some degree of economic change under Raúl Castro is likely over the next year, few expect there will be any change to the government’s tight control over the political system, which is backed up by a strong security apparatus. Some observers point to the reduced number of political prisoners, from 283 at the end of 2006 to 234 at the end of 2007 as evidence of a lessening of repression, but dissidents maintain that the overall situation has not improved. For example, the government arbitrarily detained more than 300 people for short periods in 2007. Of the 75 activists imprisoned in March 2003, 59 remain jailed. Other observers contend that as the new government of Raúl Castro becomes more secure of ensuring social stability and does not feel threatened, it could move to soften its hard repression.

**Beyond Raúl.** Since Raúl Castro’s advanced age – he turned 76 in June 2007 – makes him a transitional political figure, it is important to look at other political figures who could eventually succeed him. Vice President of the Council of State Carlos Lage, who turned 56 in October 2007, is often described as a centrist or reformer, was responsible for Cuba’s limited economic reforms in the 1990s, and was tapped by Fidel to take over the energy portfolio. Foreign Minister Felipe Perez Roque, often described as an orthodox hardliner, turned 42 in March 2007 and is the youngest member of the Political Bureau (Politburo) of the Communist Party. A third potential successor is Ricardo Alarcón, the president of Cuba’s legislative branch, the National Assembly of Peoples Power – who turned 70 in May 2007 – and has often been described as a centrist.

While so-called hardliners, centrists, and reformers all support the continued political dominance of the PCC, they differ in their openness to market-based solutions that could help resolve some of the country’s economic problems. Hardliners would be the most opposed to economic liberalization while reformers would be the most open to economic change, and potentially might support some type of political liberalization, albeit within the context of the communist government maintaining political power. The prospects of a political opening in the long-term could depend on whether reformers will predominate.

**U.S. Policy Implications**

Cuba’s peaceful political succession from one communist leader to another raises questions about the future direction of U.S. policy. Current U.S. policy can be described as a dual-track policy of isolating Cuba through comprehensive economic sanctions, including restrictions on trade and financial transactions, while providing support to the Cuban people through such measures as funding for democracy and human rights projects and U.S.-government sponsored broadcasting to Cuba. The Cuban Liberty and Democratic Solidarity Act of 1996 (P.L. 104-114) sets forth a number of conditions for the suspension of the embargo, including that a transition Cuban government: does not include Fidel or Raúl Castro; has legalized all political activity; has released all political prisoners; has ceased interference with Radio and TV Martí broadcasts; and, is making progress in establishing an independent judiciary and in respecting internationally recognized human rights. The actual termination of the embargo would require additional conditions, including that an elected civilian government is in power. The dilemma for U.S. policy is that the legislative conditions could keep the United States from having any leverage or influence as events unfold in a post-Fidel Cuba and as Cuba moves toward a post-Raúl Cuba.
The Bush Administration has made substantial efforts to prepare for a political transition in Cuba. In 2004 and 2006, the Administration’s Commission for Assistance to a Free Cuba prepared two reports detailing how the United States could provide support to a Cuban transition government to help it respond to humanitarian needs, conduct free and fair elections, and move toward a market-based economy. A criticism of the reports, however, is that they presuppose that Cuba will undergo a rapid democratic transition, and do not entertain the possibility of reform or economic change under a communist government. On the basis of these reports, the United States may be unprepared to deal with alternative scenarios of Cuba’s political transition.

Over the past several years Congress has often debated policy toward Cuba, with one or both houses at times approving legislative provisions that would ease U.S. sanctions on Cuba. President Bush has regularly threatened to veto various appropriations bills if they contained provisions weakening the embargo, and ultimately these provisions have been stripped out of final enacted measures. With the party turnover of the 110th Congress and the stable political succession in Cuba from Fidel to Raúl, some observers predicted that efforts in Congress to ease Cuba sanctions would intensify. The lack of any significant policy changes in Cuba under Raúl, however, has appeared to diminish the impetus in Congress for any major change in policy toward Cuba.

**Raúl’s Overtures.** Since assuming power, Raúl Castro has made several public offers to engage in dialogue with the United States that have been rebuffed by U.S. officials who maintain that change in Cuba must precede a change in U.S. policy. In an August 2006 interview, Raúl asserted that Cuba has “always been disposed to normalize relations on an equal plane,” but at the same time he expressed strong opposition to current U.S. policy toward Cuba, which he described as “arrogant and interventionist.” In response, Assistant Secretary of State for Western Hemisphere Affairs Thomas Shannon reiterated a U.S. offer to Cuba, first articulated by President Bush in May 2002, that the Administration was willing to work with Congress to lift U.S. economic sanctions if Cuba were to begin a political opening and a transition to democracy. According to Shannon, the Bush Administration remains prepared to work with Congress for ways to lift the embargo if Cuba is prepared to free political prisoners, respect human rights, permit the creation of independent organizations, and create a mechanism and pathway toward free and fair elections.

Raúl Castro reiterated an offer to negotiate with the United States in a December 2006 speech. He said that “we are willing to resolve at the negotiating table the longstanding dispute between the United States and Cuba, of course, provided they accept, as we have previously said, our condition as a country that will not tolerate any blemishes on its independence, and as long as said resolution is based on the principles of equality, reciprocity, non-interference, and mutual respect.” More recently, in his July 26, 2007 speech, Raúl reiterated for the third time an offer to engage in dialogue with the

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United States, and strongly criticized U.S. trade and economic sanctions on Cuba. This time, Raúl pointed to the future of relations with the next U.S. Administration, and stated that “the new administration will have to decide whether it will keep the absurd, illegal, and failed policies against Cuba, or accept the olive branch that we extended.” He asserted that “if the new U.S. authorities put aside arrogance and decide to talk in a civilized manner, they will be welcome. If not, we are willing to deal with their hostile policies, even for another 50 years if necessary.” A U.S. State Department spokesman responded that “the only real dialogue that’s needed is with the Cuban people.”

U.S. Policy Approaches. In the context of Raúl Castro’s succession, there are two broad policy approaches to contend with political change in Cuba: a stay the course or status-quo approach that would maintain the policy of isolating the Cuban government with comprehensive economic sanctions; and an approach aimed at influencing Cuban government and society through an easing of sanctions and increased contact and engagement.

Advocates of continued sanctions argue that the Cuban government under Raúl Castro has not demonstrated any willingness to ease repression or initiate any political or economic openings. Secretary of Commerce Carlos Gutierrez asserts that “the succession from Fidel to Raúl is a preservation of dictatorship” and that “the regime needs to have a dialogue with the Cuban people before it has one with the United States.” Other supporters of current policy maintain that easing economic sanctions would prolong the communist regime by increasing money flowing into its state-controlled enterprises, while continued sanctions would keep up the pressure to enact deeper economic reforms.

Those advocating an easing of sanctions argue that the United States needs to take advantage of Cuba’s political succession to abandon its long-standing sanctions-based policy that has had no practical effect in changing the policies of the Cuban government. They argue that continuing the status quo would only serve to guarantee many more years of hostility between Cuba and the United States, and reduce the chances for positive change in Cuba by slowing the pace of liberalization and reform. Others argue that the United States should work toward engaging and negotiating with Cuba in order to bring incremental change because even the smallest reforms can help spur popular expectations for additional change.