The Far and its Economic Role: From Civic to Technocrat-Soldier

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Introduction

Scholars of Cuban politics generally agree that the Revolutionary Armed Forces (Fuerzas Armadas Revolucionarias - FAR) has been an important instrument and extension of Fidel Castro’s power, and, as a result, the entity that was most often called upon to assist the leadership in achieving key domestic and foreign policy objectives of the Revolution. The armed forces, because it embodies the values and desires of the Revolution and its leader, Fidel Castro, hold a very special and privileged placed in the regime. Time and again, they have proven their loyalty to Cuba and Castro, especially at moments when the regime needed their support and expertise the most. The FAR’s reputation for loyalty and efficiency has made it the institution of choice for all social and political experiments of the regime since its inception.

During the early period of consolidation, the FAR played a pivotal role in providing for internal and external defense as well as for socialist development, working in administration and economic sectors. Until the late 1980s, the FAR were at the vanguard of “proletarian internationalism” – serving as a critical instrument of the regime’s foreign policy objectives in the Third World. Finally, starting in the late 1980s, the armed forces were once again called upon to take a leading economic and political role in helping the regime endure the crisis associated with the end of the Cold War, the disintegration of the USSR and the ensuing economic downturn. As the edifice of Cuban communism began to crumble, the response to this decay and crisis has been for the military to assume a greater role in areas considered by the regime to be vital to its survival: economy and state security.

With respect to civil/party-military relations, there is limited agreement among scholars of the Cuban military on the sources of control and relations between the Cuban Communist Party (PCC) and the FAR. In the mid-1970s there was a dispute among scholars as to the relative power of the PCC over the military. For example, Irving Louis Horowitz argued that because the FAR was the successor to the victorious Rebel Army (predating the PCC) possessing tremendous amounts of credibility and respect, the armed forces remained the preeminent institution with nearly complete autonomy from the Party but under strict control of the revolutionary leadership, i.e. Fidel Castro and his brother, Defense Minister Raul Castro. William LeoGrande, on the other hand, maintained that a bureaucratic balance existed between the PCC and the FAR that was neither conflictual nor consensual.1 In the early 1980s, rather than emphasizing relations with the PCC as the key means of civilian control, scholars began to emphasize relations with elites. Amos Perlmutter and LeoGrande suggested that a symbiotic relationship resulting from the fusion of political and military elites in communist systems that came to power waging guerilla war insure control and consensus.2 According to these authors, the murkiness or low-level of differentiation between civilian and military roles and elites, associated with the fusion or symbiotic relationship and other mechanisms of political control, helped maintain control and loyalty of the FAR to the revolutionary leadership. Since the court-martial and execution of Division General Arnaldo Ochoa and the crisis associated with the Special Period, the military has assumed a more direct and
preponderant role in the economy, party and state bureaucracy, contributing to the strengthening of the fusion. Domingo Amuchastegui emphasizes that, in fact, the PCC has become subordinate to the FAR;

... the conventional debate between civilian and military, including the notion of civilian or Party control over the latter has very little, if no meaning at all, in the Cuban context. The separation of the FAR and PCC is a matter of simple division of functions within a unicellular organism, in which the Party becomes an auxiliary component.3

Beginning in the late 1980s, as Cuba entered the Special Period and the FAR assumed a prominent role in the economy and, accordingly, the survival of the regime. Specifically, the centrality of revolutionary leadership and the fused relationship between civilian and military roles and elite as key ingredients of civil-military relations in Cuba has placed the FAR, as in the early 1960s, at the center of regime survival.

This paper will examine civil-military relations and the FAR’s crucial involvement in economic modernization by discussing two concepts that capture not only the changes of the last decade but the likely power structure and role of the military in any future post-Fidel transitional scenario. The two concepts are described here as Raulismo and the technocrat-soldier of the FAR. The key architect of economic modernization and the FAR’s prominent role in the process is Raul Castro, second secretary of the PCC, defense minister and an historic figure of the Revolution. Raul Castro’s profile and visibility has enhanced considerably since the early 1990s, as he has become the central actor, along with the FAR, in helping the regime survive the crisis.4 Moreover, Fidel Castro has been giving Raul a more public role in running Cuba’s government, and, during the Fifth Congress of the PCC in 1997, where Raul played a very active role in selecting new members of the party’s inner circle, Fidel confirmed Raul as his successor. In other words, Raul has consolidated his position as the heir apparent by enhancing not only his role but that of the institution he has led since 1959, the FAR. However, more important than the issue of succession is continuity. Raulismo represents a model that consists of stability through peaceful leadership change and reform of the economy.

The FAR, the foundation of Raul Castro’s power and prestige has been central to the process of economic reform and modernization helping the regime not only weather the storm of the “Special Period” but secure a post-Fidel Cuba with Raul at the helm. In the meantime, the FAR has obtained important material benefits for its loyalty and participation in the economy, such as compensation for lost budgetary allocations, economic opportunities for retired military officers removed from active duty through considerable downsizing of forces, and a greater domestic political and economic role that could become significant in any transitional scenario. This new role helped to defuse potential conflict after the Ochoa case and subsequent restructuring of the armed forces, generating consensus, convergence of interests and loyalty to the leadership. This phenomenon or process is described here as Raulismo.

After considerable downsizing, restructuring and change of mission, the FAR’s stock has risen, a consequence of its new and heightened role. Raul Castro argued that the Ministry of the FAR (MINFAR) is uniquely prepared to lead the process of economic reform and modernization because of its managerial skills, expertise and knowledge of Western business techniques. In the 1980s FAR officers were sent to Europe to be
educated and skilled in business methods and organizational and technical matters that were later implemented in military industries and increasingly in civilian enterprises. As a result, military officers have become the new managers and administrators of the Cuban economy. In other words, the 1990s has ushered in a technocrat-soldier. However, General Leopoldo Cintras Frias, commander of the Western Army, stated in 1994, the FAR officer is more than just a technocrat. The leadership of MINFAR demands that its officers posses four basic skills for the Special Period: good fighters, politicians, administrators, and farmers. This has enhanced the political power, prestige and profile of the FAR. As a result, the armed forces have a stake in ensuring that any future transition will not threaten its interests and those of Raul Castro, who is not only a first generation revolutionary leader and architect of recent economic reforms, but is viewed as a patron of the military’s assets. As one military officer aptly stated, “loyalty to Raul in the FAR has grown so much so that the armed forces have been dubbed Raul’s Party.”

Raulismo and the new technocrat-soldier seem to have established the structure whereby Raul and the FAR will work to guarantee that their interests and stake are not threatened by a transition.

Civic-Soldier and Proletarian Internationalism

The small guerrilla force that Fidel Castro commanded in the Sierras in the late 1950s known as the Rebel Army quickly became the most dominant institution of the Revolution after its triumph in 1959. The FAR embodied the values associated with the struggle against the dictatorship of Fulgencio Batista. Unlike the Socialist bloc in Europe, the FAR predated the PCC. The revolutionary regime and leadership emerged from a military struggle that was continued even after its triumph when the level of societal militarization was enhanced. The FAR, as the successor to the Rebel Army, became the preeminent institution of the early stages of the revolutionary process by virtue of the important responsibilities it assumed. For the regime, as Domingo Amuchastegui states elsewhere, the FAR had the highest degree of legitimacy and reliability in terms of historical background, prestige, honesty, loyalty, and efficiency in meeting the complexities and challenges of the regime’s projects. Therefore, the military has been a central pillar of the regime, critical to guaranteeing the survival of the revolution.

Over time, the internalization of the revolution’s assumptions, values and institutional norms, as defined by the leadership, became a critical component of control. Also, the historical myths and origins of the military and its ties to the leadership of the revolution were emphasized in order to secure loyalty and commitment to revolutionary goals. Because the leadership trusted the FAR, and technical and organization skills were lacking in Cuba at the time, the social role of the military was expanded to non-defense tasks. During the 1959-1961 period, rebel officers were frequently inserted into key posts in education, the judicial system, land reform institutes and the police, exalting the institution’s prominence in the Revolution. The FAR became the backbone of Fidel Castro’s revolutionary struggle, providing for internal and external defense and economic development. The successful anti-guerrilla campaigns, particularly in the Escambray, and the Bay of Pigs invasion bolstered the institution’s pride, respect, solidarity and ideological commitment. In the economic area, the armed forces played a central role, “assuming responsibility for the management, organization, and implementation of national social and economic programs.” Army officers expanded their roles in society moving from agrarian reform to actual agricultural production and a host of other fields.
The critical role played by the military in Cuba’s bureaucracy and economy in the early years contributed to the fusion between military and non-military elites, produced what Jorge Dominguez described as “civic-soldier… men who govern large segments of both military and civilian life… bearers of the revolutionary tradition and ideology… who have dedicated themselves to become professional in political, economic, managerial, engineering and educational as well as military affairs.”

In the early 1970s, the FAR reorganized itself into a more professional and modern (though not necessarily less political) military institution. Sophisticated equipment was acquired and used extensively in training exercises, and a military education system was tightened as several specialized schools were created within the Center of Military Studies. Raul Castro was instrumental in obtaining this training and equipment from the USSR, playing a leading role in the professionalization of the FAR. This did much to solidify his own position as leader of MINFAR.

The FAR’s professional development was immediately followed by a change of mission, from a strictly defensive posture to a more offensive and internationalist role. With the help of Soviet technical advice and equipment, the Cuban armed forces turned into a premier military institution, serving as a critical instrument of the regime’s foreign policy objectives in Africa and the Middle East. Overseas military activism in defense of “proletarian internationalism” enhanced Fidel Castro’s global profile, but it also increased the prestige and self-confidence of the FAR adding to its influence at home.

By the mid-1980s, however, the political and economic costs of support for revolutionary causes proved simply too great for Cuba and the FAR. In the late 1980s, as a result of a growing ideological and economic crisis brought on by the advent of Mikhail Gorbachev’s reforms in the Soviet Union and the waning of the cold war, the Cuban regime announced a defensive campaign, known as the Rectification Process. This meant de-institutionalization and a return to the military-mobilizational approach to resolving a wide range of social, economic and political problems. In short, it was an effort to return to the heady days of the 1960s. In other words, in the midst of the Special Period (i.e. severe economic crisis triggered by disruption in imports of oil and other raw materials from the Socialist bloc), the pendulum swung back toward voluntarism, mass mobilization, and a reliance on the FAR to implement regime survival policies. After the internal crisis associated with the court-martial and execution of Division General and Hero of the Republic Arnaldo Ochoa, on charges of corruption and insubordination (conflict with Raul Castro), and the purge of the Ministry of the Interior (MININT), largely due to an effort by the FAR and Raul Castro to rid MININT of officials close to former MININT head Jose Abrantes and gain control of state security, the fused model of civil-military relations was strengthened. Civilian and military elites and functional specialization was, once again, blurred because of the armed forces enhanced role in the economy, party, bureaucracy and state augmented by the leadership’s reorganization and reassertion of control of the military. Domingo Amuchastegui went further and argued that the civil-military distinction has little validity today. He describes a “unicellular organism” in which there is no difference between party/civilian and military elites and power relations, only a simple division of functions.

**The Special Period and Cases 1/89 and 2/89**

The goal of economic restructuring and “institutional rectification and purification” during this period of intense crisis and uncertainty was to secure the
survival of the regime against any real or potential internal or external threat. Reforms in the USSR and the winding down of the Cold War placed enormous pressure on the Castro regime, particularly as Moscow decided to phase out all subsidies and aid to Cuba, which totaled about US$5 billion a year. In July 1990 Cuba entered what Fidel Castro characterized as a “special period in time of peace,” which, in the context of tremendous economic pressure, meant austerity, self-sufficiency and political vigilance. Cuba’s principal source of imports, technology, spare parts, petroleum and markets for the island’s exports disappeared, and, as a result, the economy shrunk by between 35 and 50 percent. During the Special Period there were some important economic but very little political reform. In fact, the regime’s political grip tightened over all institutions and society leading to a “siege mentality” that increased the level of state vigilance and repression.

In the midst of a global and economic crisis, the regime shifted gears and altered the FAR’s institutional role and mission. As a result of the material and political challenges to the military and society, caused by the end of the cold war and collapse of the USSR, the leadership turned, as it did in the early 1960s, to the armed forces in a mobilization campaign to protect the revolution by contributing its expertise and manpower to mending and restructuring the economy. Military officers, more revolutionary than military men, were prepared and willing to meet the challenge in the name of saving the revolution.

As for the military itself, it implemented the so-called zero-option which consisted of an “intensive conservation effort undertaken for a wholly autarkic existence… conserving existing material and equipment, which, along with self sufficiency and defense readiness, is one of the FAR’s three main goals.” The Tripartite Agreement of 1988 ended the conflict in Angola bringing an end to the FAR’s overseas military mission. The end of proletarian internationalism and the loss of Soviet military aid, equipment and training left the military without a mission and resources. In the period 1960-1990, the FAR was the recipient of $16-19 billion in military assistance from the USSR which helped support defense expenditures that totaled approximately 13 percent of the national budget in the mid-1980s. By 1992, there was not military or economic aid from any of the former republics of the USSR. As a result, the military budget was slashed by nearly half, from US$2.2 billion in 1988 to US$1.35 billion in 1991 (less than 1.5 percent of the overall budget), and expenditures as a percentage of GNP declined from 3.9 percent in 1987 to 2.4 percent in 1993 and 1.6 percent in 1995. Military purchases dropped 66 to 75 percent in 1990-91. Troop strength also declined dramatically, from a high of 108,500 in 1990 to 105,000 in 1995 and 55,000 in 2000. Spare parts for aircraft, ships, vehicles and other equipment became scarce, increasing equipment downtime and the cannibalization or mothballing of existing equipment. Finally, because of a lack of fuel and spare parts, military training and preparedness declined significantly, especially in terms of the number of training hours for MiG pilots. The end of the FAR’s overseas combat activities coupled with the downsizing and curtailment of personnel, equipment and training contributed to the deprofessionalization and, some have noted, demoralization of the armed forces.

Raul Castro was the key protagonist in the court-martial of General Arnaldo Ochoa, a decorated Hero of the Republic, in 1989 on charges of corruption. During the court-martial, Ochoa was accused of betrayal, violation of revolutionary values,
failure to uphold the revolutionary code. Fidel and Raul’s main task was to discredit Ochoa’s character and military capabilities while inducing the forty-seven generals and admirals of the Military Honor Tribunal to make critical statements about the general as an expression and reaffirmation of their revolutionary commitment and loyalty to Fidel and Raul. The Ochoa case was a “convenient shorthand for a wider and much more complex official attempt to resolve several crises confronting the regime simultaneously.” As Enrique Baloyra concludes,

in addition to disposing himself of whatever threat was posed by General Ochoa himself... the Cuban government utilized Ochoa to bring down most of the leadership of MININT, reorganize or eliminate a host of ancillary MININT organizations... purge FAR of ‘Ochoa’ officers, reorganize civil-military relations, and ultimately place MININT under [Raul’s] MINFAR.

The purge and Raul Castro’s prominent role “enabled the faction of military officers around Raul Castro to consolidate and extend its control over both the armed forces and security services.” In the end, the execution of Ochoa and three other officers from the FAR and the MININT stood as a warning to military men and state security agencies of the fate that would await them if they ever crossed Fidel and Raul.

With respect to MININT, in July 1989 Minister Jose Abrantes and three of his associates were arrested. Soon the MININT was “cleansed” of pro-Abrantes officers including five generals and nearly sixty mid-level officers. The demise of Abrantes and decimation of MININT was, in part, provoked by the resentment and envy of Raul Castro, but, more importantly, it was Raul’s attempt to consolidate and extend his control into the most important and powerful sectors and institutions of Cuban society. Raul conclusively guaranteed command of the state’s repressive arm by removing high MININT officials and replacing them with loyal FAR officers, such as General Abelardo Colome, deputy vice-minister of MINFAR, and General Carlos Fernandez Gondin, head of FAR counterintelligence, as minister and vice-minister, respectively, of MININT.

Though tensions remain between the rank and file of MININT and FAR, the fused relationship between the leadership of each ministry, insures Raul’s effective control of state security. In other words, as a result of MINFAR’s management of state security, it became what it had never been since the early 1960s – part of the regime’s internal security apparatus. In the aftermath of the Ochoa case with the purge of the FAR and MININT, absorption of MININT into MINFAR, and the military’s growing role in the economy, by 1991 the armed forces had extended its control to areas deemed critical to the survival of the regime.

**Raulismo and the Emergence of the Technocrat-Soldier**

As a result of the material and political challenges to society and Revolution, the leadership turned, once again, as it did in the early 1960s, to the armed forces in a mobilization campaign to protect the Revolution by contributing its expertise and manpower to mending and restructuring the economy. In other words, the technical capabilities of a loyal and disciplined institution, under the unquestionable authority of Raul Castro, contributed to the regime’s decision to rely on the FAR to implement Raul’s proposal for economic modernization. The leadership had to rely on the FAR because all other institutions, the PCC above all, were failing to perform. The absence of a civil society and independent entrepreneurs placed the burden of the economy on the military. There simply was no societal alternative. As Michael Radu asserts, “since the late 1980s,
economic crisis, institutional sclerosis and shifts in policy have forced the regime to rely on a trusted pillar of the regime: the FAR. The militarization of the regime, expressed by the overwhelming role of the FAR in all aspects of policy and economy seems to be the answer to the situation.”

Also, as one Latin American diplomat based in Havana aptly described in 1995, “reality of Cuba in 1995 is that the military is one of the few, if not the only, institution that really and truly works. Revolutionary fervor has vanished, and with it the credibility of the party, leaving only the armed forces to fill the vacuum.”

Even before the collapse of the USSR, the military had been called upon by Raul, after Fidel’s consent, to manage some key areas of the economy. Starting with the Third Party Congress in 1986, Raul insisted on the need to apply military efficiency and discipline to the civilian economy. During a 1994 meeting of the Military Council, Raul stated,

In February 1988 it was decided to expand to other enterprises and units, the experiences of the FAR had attained since 1987 at the Commander Ernesto Che Guevara Industrial-Military Enterprise, in search for a management system that, while safeguarding the purity of our revolutionary principles and ideology, could ensure higher productivity, economic efficiency, and real participation in management by the workers… [The FAR and its enterprises] must participate in the country economic development…

When in 1991 Fidel Castro stated that “one of the tasks of the armed forces is to help the economy of the country during the Special Period”, and in 1993 when Raul asserted, in reference to the military’s mission, “beans are more important than cannons,” it was clear that FAR’s mission had been redefined. However, it is important to remember that it was Raul Castro who took over the process of reorganizing the FAR in a dual effort to enhance the role and contribution of the military to the national economy while ensuring his control and support of the military. In other words, Raul played a pivotal role restructuring the economy and military in an effort to secure the survival of the regime and his position as Fidel’s heir apparent.

The centrality of Raul Castro’s role in reorganizing the military while placing it at the center of his economic reforms and modernization program enhanced the profile of the FAR, the institution he heads and hopes will help him further consolidate his position as a post-Fidel era approaches. Raulismo is the process by which Raul Castro enhanced his role and that of the institution he commands in sectors deemed critical for the regime during the Special Period, helping him to strengthen and consolidate his position and that of the FAR in society and, consequently, in a post-Fidel transition. Raul Castro is more flexible ideologically than his brother and is aware of the situation on the ground in a way that Fidel is not and realizes that change is necessary. Raul’s more pragmatic approach led him to propose opening the economy, if only slightly, to a new system of farmers’ market and the military’s direct role in key economic sectors such as agricultural production and construction (hotels, public utility projects, and industrial centers). Vice-President Carlos Lage, a top economic official said the farmers’ market and other economic reforms had been “strongly pushed by Raul but with the support of Fidel.” Raul was mentioned repeatedly in the press or by high government, party or military officials as the “architect,” “father,” or “brains” behind Cuba’s effort to save the revolution from economic crisis. General Senen Casas, the late Minister of Transportation, proclaimed that the “goal was to follow faithfully Raul’s guidance and
In other words, Fidel provides general parameters and Raul takes the lead in formulating and implementing policies. It is important to note that Raul is not usurping power, but is playing a more active role in government, economic, and party affairs in preparation for a transition to a post-Fidel era. This is an essential tenet of Raulismo.

One important component of Raulismo is the increasing number of Raulistas appointed by Raul to key government, economic and party posts. Raulistas are either veterans of the 26 of July Movement, who fought alongside Raul in the Second Eastern Front, or high-ranking MINFAR officers who have demonstrated repeatedly their commitment and loyalty to Raul Castro over an extended period of time. In 1994, Raul personally replaced half the PCC’s first secretaries in the provinces with pro-army men, and in the 1997 Party congress he was essential in selecting new members to the Central Committee and Politburo, many of which are Raulista officers of the MINFAR. Furthermore, high-ranking Raulistas in the military were named to head the MININT (General Abelardo Colome Ibarra), and key strategic economic sectors such as the Ministry of Sugar (General Ulises Rosales del Toro, former Chief of General Staff), Ministry of Transport and Ports (Colonel Alvaro Perez Morales), Gaviota Enterprises (General Luis Perez Rospide), Grupo Empresarial Geo-Cuba (General Eladio Fernandez Civico), Cuban Civil Aviation Corporation (Rogelio Acevedo) and other important state institutions and economic entities. The prominence of Raul is paralleled by the visibility and growing power of those institutions he and his loyal Raulistas now control. In short, Raul Castro and his loyalists have assumed a wider range of official duties, playing a more prominent role in the running of the military, economy, government and PCC – central pillars of the regime that will help Raul consolidate his position in a post-Fidel Cuba.

In the late 1980s, Raul initiated a program that saw a number of high-ranking FAR officers travel to Western Europe to study new business methods and practices that could be applied in military and civilian industries in Cuba. They also closely studied and admired the model of China’s People’s Liberation Army (PLA). Raul Castro argued that the FAR had the managerial skill, expertise and knowledge of Western business techniques needed to improve the efficiency of state-run industries and meet the material and defense needs of the country. Thus, as Edward Gonzalez notes, “Raul, the Army, and a younger generation of civilian leaders and technocrats, many personally linked to him, are spearheading the economic changes that the regime has so far implemented… pressing forward with limited, incremental reforms to stabilize the economy and prevent a political crisis.” According to Phyllis Greene Walker, an expert on the Cuban military, there is evidence “that goes back to the party congress held in the late 80s, out of which the decision emerged that the military should try to improve its efficiency and productivity, through what is known as the sistema de perfeccionamiento empresarial (SPE)– business improvement system.” According to Cuban officials, “perfeccionamiento empresarial’s main objective is to increase maximum competition and efficiency of the base power, and establish the policies, principles and procedures that propel the development of innovation, creativity and the responsibility of all managers and workers.” In the end, as Brian Latell describes, the SPE had three main objectives: promote greater self-sufficiency in the FAR; increase efficiency an productivity of military industries; and provide a model that could be adopted elsewhere.
Many FAR officers were trained in the techniques and methods of management experts, specifically Peter Drucker and W. Edwards Deming. Specifically, the one lesson taken from Drucker was that “the manager always has to administer. He has to manage and improve what already exists and is already known… He has to redirect resources from areas of low or diminishing results to areas of high or increasing results.” By the same token, Deming emphasizes the need to provide new designs for goods and services by improving existing processes. The FAR soldiers of the late 1980s were educated and skilled in these organizational and technical matters. They offered “technical solutions and market-type mechanisms for coping with the economic crisis without advocating the adoption” of a politically dangerous market-driven system—a critically important component of Fidel and Raul Castro’s political economy strategy. They argued that applying modest liberalizing economic and technical measures to the state sector would improve efficiency and production. By 1990, the military began to apply these new technical and managerial methods to the agricultural sector and several military industries, in order to overcome shortages of consumer goods. As one of the architects of the reform process asserted in explaining SPE, the goal of the MINFAR was to provide “new technical and entrepreneurial solutions to old problems.” The new FAR officer, described here as the technocrat-soldier, is now a manager and administrator, in addition to being a soldier. He is implementing modern organizational and technical business practices and methods to enhance the efficiency and productivity of military and civilian industries during a period of crisis and change for the regime. As Domingo Amuchastegui notes, the FAR “are not militarizing the sectors and institutions to which they have expanded. Their language is of costs and benefits, of necessary lay-offs, of responding to market demands and mathematical models, and relying on principles of financial engineering and computerized system and complex telecommunications, not in giving orders or resorting to extra-economic coercion.”

The principal technocrat-soldiers, like General Julio Casas Regueiro, General Luis Perez Rospide, Colonel Armando Perez Betancourt, and Colonel Eladio Fernandez Civico, are all logistics experts and/or engineers trained in the management techniques of Drucker and Deming. More importantly, they are all well-known Raulistas.

The FAR’s business operations are run out of the fourth floor of the MINFAR. Specifically, Section V, headed by Colonel Luis Alberto Rodriguez, Raul’s son in law, is the unit in charge of the military’s economic activities. The Grupo de Administracion Empresarial (GAESA) is the holding company for MINFAR’s vast economic interests. General Julio Casas Regueiro, MINFAR vice-minister and close confidant of Raul, chairs the board of GAESA but the company’s chief operating officer and the individual responsible for managing the MINFAR’s business venture profits is Raul’s son in law. It is estimated that GAESA invoiced over $1 billion in 2000.

It is important to note that the increasing economic role of the FAR is not solely an issue of the leadership turning to a reliable entity for help in a time of crisis. The new role is also due to simple necessity. The dramatic decline in budget, troops, and equipment in the early 1990s was a direct result of the disappearance of Soviet military aid and the crisis of the Cuban economy. In the 1990s, the new mission offered the armed forces a means to compensate for the loss of Soviet largesse while contributing to the national economy. For example, the FAR covered 50 percent of its expenditures in 1993 with funds generated from its own units. In other words, the armed forces have
sought to generate foreign exchange so as to be able to sustain them as a military force without being a load on the state or a burden on the rest of the economy. Nonetheless, the focus of the regime’s plan was to have the military contribute substantively to turning the economy around. As Raul Castro stated in 1993, “the principal economic, political, ideological, and military responsibility of the FAR is to continue enhancing the efficiency in production, particularly foodstuffs and sugar.”

Therefore, since the late 1980s, military goals have emphasized institutional self-sufficiency and help in producing and distributing much needed agricultural goods and services.

In the initial period of the restructuring (1987-1993) the FAR experienced some difficulties in shifting from proletarian internationalism to technocrat-soldier. As the Cold War collapsed and the USSR disintegrated, the Ochoa case and the ensuing deprofessionalization and reorganization of the armed forces contributed to discontent and demoralization, and subsequently, defections. Two fighter pilots that defected in 1993 cited the loss of prestige and professionalism and growing hardship of living on rationed food, fuel and other necessities as motivations for their defections.

Some scholars doubted whether the FAR could adapt and make the necessary changes without consequences to the institution. Others doubted whether the FAR had the capabilities to manage and enhance the efficiency of industries. For example, Richard Millet alluded to the problem of demoralization when he cited that “the transition from leader of a decorated combat unit in Angola to commander of a tomato-picking or yam-planting battalion has to be difficult.” Jorge Dominguez questioned whether, in fact, the military were better than civilian institutions in managing industries. He noted that “in the conduct of routine matters the FAR is not demonstrably superior to parallel civilian institutions in its productive, social, political or managerial tasks.”

The evidence since 1993 demonstrated that predictions of civil-military tensions and inefficiencies in military-run industries were greatly exaggerated. At the moment, it does not seem that the military’s role in the economy has negatively affected institutional cohesion (in fact, anecdotal evidence suggests an increase in cohesion) support for the leadership, particularly Raul Castro, but it has contributed to higher productivity and efficiency in military and civilian enterprises. The FAR’s economic activities brought some financial benefit to the institution allowing it to compensate for dramatic losses in state allotted resources and providing active and retired officers employment outside the shrinking military. The MINFAR was able to self-finance more than 50 percent of its expenses in 1996, while providing foodstuffs and jobs to its rank and file. Also, according to most analysts, the industries managed by the military are the most efficient and profitable enterprises in the country. The encouraging results of the program led to a resolution at the Fifth Party Congress that stated that the SPE be adopted by all industries as the dominant economic strategy. In 1997-98 the military was ordered to extend their SPE to the civilian sector. In March 1998 Raul Castro announced that about 2,000 civilian-run enterprises would be required to adopt military management techniques over the next five years.

According to Vice-President Carlos Lage, as of mid-2000, about 32 percent of the eligible enterprises (1411 out of a national total of 3,000 state enterprises) have at least begun the process economic and organizational restructuring. The expansion and confidence of the FAR that resulted from the success of their management techniques in enhancing efficiency led General Julio Casas Regueiro to warn and state contemptuously –“civilians better learn to behave like soldiers.”
In the late 1980s, the FAR began organizing agricultural and construction units. Troops, mostly from the Youth Labor Movement (EJT), were redeployed to agricultural fields to increase production of sugarcane and foodstuffs. Since 1995 the participation of the EJT in the agricultural sector has expanded though its production goals have not been met consistently as a result of bad weather conditions, inefficiencies and a lack of fuel, spare parts and capital goods.

The most important military is the Industrial Military Union (UIM). The UIM is the largest military-run industrial complex consisting of about 230 factories and companies. The UIM, formerly headed by General Luis Perez Rospide an important technocrat and Raulista, is now led by Colonel Luis Bernal Leon. Colonel Bernal is also another important technocrat that received much of his training and education in management programs in Europe. The UIM, specifically the Ernesto Che Guevara Military Industrial Enterprise, was the first complex chosen to undergo restructuring under the new business improvement system. The UIM is involved in biotechnology, sugar mills, pharmaceuticals, and the production and repair of light armaments and consumer goods. Since 1996 UIM increased its participation in the civilian economy, manufacturing clothing, mechanical and consumer items for the civilian market in addition to providing services for repairs of industrial equipment and consumer goods. It is believed that 32 percent of the FAR’s production is destined for the island’s civilian economic sectors. Also, more than 75 percent of all repairs and spare parts for civilian industries come from military enterprises. Increasingly, UIM is involved in the production of military weapons and equipment, largely for export. For example, the Ernesto Che Guevara complex produces missiles and the Francisco Aguilar Military Enterprise launched in 1997 the production of two rifles. The very heavy Mambi 1 is a 12.7 mm anti-aircraft weapon used against helicopters and light-armored vehicles.

Another rifle, known as the Alejandro, is for use by sharpshooters who have to stare down regular troops with bulletproof vests.

Most UIM’s companies have become efficient and profitable. The Che Guevara Industrial Enterprise has done so well in recent years that new housing for more than 3,000 of its military and civilian employees was built on the premises of the complex. This level of penetration and exposure has significantly enhanced the prestige and influence of the armed forces in the process of economic modernization and regime stability. The military’s stake in the status quo and in an orderly transition has grown as a result of its contribution to alleviating Cuba’s economic problems and because of the benefits accrued from its new and dominant economic role. The military’s central role in helping the regime overcome economic crisis has provided it with a greater political profile and influence that will not lead to extrication but direct involvement in any transition.

In 1992-1993 the military began to expand its control to industries and economic sectors involved in hard currency transactions. The best-known military enterprise, linked to GAESA, is a large tourist agency known as the Gaviota Tourism Group. Its chief operating officers is General Luis Perez Rospide. It is the most important and profitable of the military’s enterprises covering over 30 percent of all military expenditures while providing employment to 25 percent of demobilized troops. Gaviota is involved in virtually every aspect of tourism in Cuba, including luxury hotels, discotheques, restaurants, hunting reserves, marinas, spas, bus tours, fishing excursions,
shopping malls and a large taxicab fleet and airplane flights which transport tourists with the help of air force pilots. There are about ten enterprises in Gaviota that manage nearly 20% of Cuba’s total tourism trade. Since 1993, Gaviota has established a number of subsidiaries that are also directly run by GAESA. Tecnotex imports and exports products needed by companies in the holding, including technology barred by the US embargo. Agrotex focuses on agriculture and cattle, from animal breeding farms to the production of honey and general stores. Aerogaviota operates a fleet of airplanes and helicopters used in tourism. Real estate and construction is under the aegis of Almest and Almacenes Universal controls domestic and foreign trade, operating several free-enterprise zones in Wajay, Cienfuegos and Santiago de Cuba. Sermar, under the direction of Captain Luis Fraga Artilles, operates shipyards for all naval repairs. The military also owns and operates TRD (tiendas para la recaudacion de divisas—foreign currency earning stores) Caribe, a department store chain with over 400 locations that sells expensive imported goods mostly to tourists. These and other subsidiaries of Gaviota and GAESA are run by active military officers who answer only to Raul’s son in law. The overwhelming economic power of the FAR is demonstrated by how much military enterprises contribute to the Cuban economy: 89 percent of exports, 59 percent of tourism revenue, 24 percent of productive service income, 60 percent of hard currency wholesale transactions, 66 percent of hard currency retail sales, and employ 20 percent of state workers.

This vast exposure of the armed forces and individual high-ranking officers to profit-making business ventures has created what Juan Carlos Espinosa has described as the entrepreneur-soldier. If the technocrat-soldier is a civic-soldier with specialized managerial training, then the entrepreneur-soldier is a technocrat-soldier with greater autonomy and greater access to the international dollar economy. According to Espinosa, “he is involved in more for profit enterprises. The entrepreneur soldier works in sociedades anonimas (privately run, state-owned corporations), mixed enterprises, and virgin economic ventures in the economy… Most of these enterprises do business directly with foreign investors and carry out transactions with the capitalist world.” The emergence of this new type of FAR soldier indicates not only the extent of the military’s domination of the “new economy,” but also the enormous resources it now controls which will prove central to the institution’s role in any process of political change in Cuba.

Finally, although not bureaucratically taken over by the MINFAR, the most important industry in Cuba, sugar, came under the control of a respected and fiercely loyal Raulista military officer, General Ulises Rosales del Toro, Hero of the Republic and former chief of the general staff. After several disastrous sugarcane harvests between 1991 and 1995, mostly due to the scarcity of fuel, financing, and spare parts, the military stepped in to rescue this floundering but critically important industry of the Cuban economy applying many of the military’s new organizational and technical methods. However, the Sugar Ministry was not placed under a strict sistema de perfeccionamiento empresarial plan. In other words, as Juan Carlos Espinosa and Robert Harding note, the FAR’s involvement in the ministry is more consistent with the traditional activities of the military in the 1960s providing labor, leadership and mobilization than with the business improvement system of recent years. The results of the FAR’s involvement in the sugar
industry have been mixed. Despite signs of recuperation, since 1996 harvests have not surpassed 4.3 million tons and in 2004 it is expected to be less than three million.

As a result of this new mission, the FAR increasingly perceives itself as the savior of Cuba, the “driving force that makes things work with paradigmatic standards of organization, efficiency and self-reliance, and a record of fulfilling its commitments in the field of industry, agriculture and so on.” However, during the process of economic reform and military reorganization, the regime has closely monitored the transformation of the military’s mission and role, making sure to contain the dangerous consequences of a profitable and popular economic role.

**Political and Institutional Consequences**

The specter of military involvement in political action independent of the state and party that could lead to the usurpation of power by the armed forces was always an element of concern in Marxist-Leninist regimes. Fear of Bonapartism came when the military became too dominant a political, social and economic actor. The real or perceived threat of Bonapartism led to a number of purges in several Eastern European communist regimes. In Cuba, however, there was never a fear or threat of Bonapartism. The Ochoa case may not have been a result of a threat perceived by the leadership, but the case and subsequent reorganization, particularly of MININT, did have a chilling impact that is still fresh in the minds of many officers, making such a possibility even more remote. However, intimidation or the stick is not sufficient. The material benefits gained from the military’s growing economic role is the reward or carrot the regime has offered the MINFAR for its continued loyalty.

As with many issues related to the Cuban military and its involvement in the economy, scholars disagree on the long-term consequences of such a role, particularly as it relates to institutional cohesion and its relationship with the leadership and party. With respect to party-military relations, if the FAR is perceived by the civilian population to have succeeded in meeting its economic tasks, while other civilian institutions remain discredited and impotent, military leadership may try to assert a new position of independence, particularly in light of the FAR’s increasing autonomy from PCC dictates. As Michael Radu notes, the FAR’s dominant economic role has led its leadership to expand its “area of influence and control... at the expense of all other political and social institutions.” Richard Millet points out that an important downside to the increasing participation of officers in a variety of economic-related tasks, “frequently involving assignment to entities with no discernible relations to national defense, tends to erode military skills and produce a new set of interests and loyalties that may conflict with military necessities.” Moreover, as with the People’s Liberation Army (PLA) in China, corruption begins to seep through the cracks creating new priorities and loyalties for officers more interested in making money than in fulfilling military tasks. The exposure to economic activities and the rise of corruption erode the central values of any military, such as centralized command, hierarchy, discipline, intercommunication and the esprit de corps. The truth is that at this time we do not know the full effect of the FAR’s involvement. As Espinosa and Harding suggest, it could go either way, “the question remains whether these economic activities increase loyalty and cohesion of the FAR and the regime, or whether they promote individualism, capitalist ambitions, and regime disloyalty.” Data on military affairs is still hard to come by. Moreover, the duration, depth and breadth of economic reforms and military
involvement, though clearly growing, is such that the consequences of the FAR’s commercial activities have yet to fully develop. Proof of rampant corruption is difficult to confirm; however, anecdotal evidence demonstrates that with relatively easy access to dollars, fuel, food and vehicles, corruption is increasing. For one thing, economic crisis and reform in Cuba has contributed to pervasive corruption at all levels of Cuban society. Despite institutional checks, “the FAR are a part of society and are prone to the same needs and pressures, whether it’s a young draftee stealing gasoline from a truck to resell in the black market” or an active or retired high-ranking officer skimming profits or selling goods stolen from the industry he manages. Nonetheless, despite some initial signs of problems, “one does not find the kind of institutional cleavages that would threaten the cohesion of the armed forces, nor is there reason to believe that the armed forces deviate from the civilian leadership on fundamental issues of domestic and foreign policy. For elites and troops alike, a system of incentives and rewards limits problems of disaffection.”

Other scholars argue quite the opposite. They maintain that by providing the military with another important task tied to the survival of the regime, the leadership has strengthened its ties and control of the armed forces. Rather than this new economic mission contributing to discontent and equivocal loyalties within the FAR, it has offered many active and retired officers the means of protecting themselves from the effects of the economic crisis, thus intensifying their ties and stake in the stability of the regime. Many officers, particularly from the air force, have found that working in these enterprises provides them with better salaries and access to certain goods and services not available to the general population. In the early period of economic restructuring and FAR downsizing, morale was low; however, increasingly, officers have been given employment opportunities and even managerial positions in military-run enterprises, particularly Gaviota. As a result, many retired and active duty officers attained a higher standard of living than most Cubans have. Therefore, not only does the new economic role help reassure the institutional survival of the FAR during the Special Period, but it allows many of its high-and middle-ranking officers to take advantage of emerging and lucrative opportunities in these areas. This has partially alleviated the problem of morale in the military. By running its own enterprises, the FAR contributes to the national economy, ensures its own budget, and maintains a decent standard of living for its officers -- always a key to military loyalty. The top brass is solidly behind the new economic role and lower-ranking officers are gradually gaining from FAR’s new direction. One scholar of this interpretation, Juan del Aguila suggests, “a new class of military entrepreneurs has emerged. Their increasing dependence and focus on these ventures… [is] raising its [military’s] stake in the regime’s survival.” In other words, these economic opportunities have strengthened the military’s ties to the architect of economic reform and patron of the military’s involvement in the economy – Minister of MINFAR General Raul Castro. In other words, by offering the military economic opportunities and a higher political profile, Raul Castro purchased and guaranteed the FAR’s support and loyalty for Raulismo.

The FAR’s enhanced economic influence and profile is coupled by its expanding role in the bureaucracy and party. High-ranking officers, all of them closely linked to Raul Castro, have been named to head the Ministry of Interior (General Abelardo Colome Ibarra), a critical instrument of social control, and key strategic economic and
infrastructure ministries and agencies deemed critical to regime survival and succession under Raúl Castro, such as the Ministry of Sugar, Ministry of Information Technology and Communications, Ministry of Transport and Ports, Attorney General, Director of Customs, Civil Aviation, Gaviota, S.A., Habanos, to name just a few. Though less significant but still important in terms of the political payoffs obtained by the military for supporting regime policies is the FAR’s growing presence and influence in the PCC. In the Fifth PCC Congress (1997), the military was singled out for praise and, subsequently, rewarded for its service. Representation of key officers in the Central Committee rose from 12.5 percent to 17.4 percent. Representation in the Politburo of Raúlista officers also rose after the 1997 congress; the total number of military officers was five out of twenty-four, the highest percentage since 1975. The military’s representation in the PCC should not be overemphasized, however. As Amuchastegui states, what is critical in understanding the source and indefatigability of the military’s power is “its overwhelming centrality… in every single area of policymaking.” As the political leadership expands the responsibility of the military to various levels of the government and party, increasingly one finds, at the apex of the political system, the fusion between high military rank, political responsibility and ministerial duties. Apart from the military’s dominant role in the economy, bureaucracy, and state security, its representatives, specifically Raúlistas, are now at the pinnacle of political power, in control of strategic economic sectors, security services, and at the highest levels of the PCC. The payoff for supporting regime policies was perhaps more than the military imagined when it embarked in this process in the late 1980s. Eusebio Mujal-Leon and Joshua Busby aptly summarize the source and consequence of the FAR’s redefined role; Over the past decade the military have been characterized not only by their cohesion but by the way the regime has relied on it to provide leadership in the economic and administrative arenas. In their role as security guardians and protagonists in the process of perfeccionamiento empresarial, the FAR is virtually assured of playing an important role not only as a source of expertise in economic reform and management but in shaping the transition to the post-Castro future.62 In short, the FAR, the foundation of Raúl Castro’s power and prestige has controlling influence over all key sectors and institutions of the Revolution. This insures that the FAR and Raul will dominate and shape the future of Cuba.

An important component of civil-military relations in Cuba that has insured loyalty and the likely success of Raúlismo is revolutionary leadership. The first generation of revolutionary leaders, led by Fidel and Raúl Castro, possess the prestige and respect from the FAR and other institutions that is typical of revolutionary regimes still in the mobilization-ideological phase. This symbolic capital offered the Cuban leadership the legitimacy and authority to purge the military, as it did during the Ochoa case, without any serious repercussions, and adjust civil-military relations in ways that future generations of leaders may not be able to do so. In fact, the ability of the Cuban leadership to regulate and contain the politically dangerous consequences of economic reform and military downsizing and reorganization on society and the institution is largely a function of legacy and its ability to rationalize the military’s participation in the economy as “a continuation of the mobilizational and ideological roles that have been central to the FAR’s image in Cuban society.”63 Raúl Castro has been particularly effective in capitalizing on his status as a first generation revolutionary leader often
referring to his and Fidel’s role (and the FAR’s) in the struggle against the Batista dictatorship and the US.

Conclusions

The expansion of the FAR’s participation in the economy and the concomitant rise of the technocrat-soldier was the result of the intersection between the need for increased efficiency, heightened loyalty, and incorruptibility ascribed to the military, and the need to maintain regime loyalty amidst the precipitous economic decline of the Special Period. Military involvement in the economy was motivated by a need to exploit its manpower and managerial expertise to help the ravaged Cuban economy, and a strategy of offering economic opportunities to compensate for a loss of resources and personnel while giving officers a stake in the survival of the regime. The military’s participation in the economy and opportunities in lucrative industries mitigated any morale problem that may have emerged during the early period of restructuring and mission change.

However, market reforms in Cuba are cautious and vacillating because of the leadership’s clear understanding of the dangerous political consequences associated with reform. The leadership has remained vigilant restoring a more fused relationship in civil/party-military relations and utilizing other mechanisms of reward and intimidation to contain the negative effects of economic involvement and military depprofessionalization while securing FAR allegiance to the first generation of revolutionary leaders. Specifically, Raul Castro is responsible for instituting a system of incentives and rewards, symbolic or real, which not only mitigated disaffection but, more importantly, a committed military loyal to the regime and his leadership. Raul Castro’s dominant role in restructuring and reorienting Cuban institutions and economy during a period of crisis demonstrates his growing indispensability for the stability and future of the Revolution. The objective of Raulismo is not limited to surviving the crisis of the Special Period, but to securing his plan of succeeding Fidel with the full support of the FAR; it’s about continuity in the context of change and reform.

The restructuring and readjustments of the last decade in the Cuban military, particularly in its role in the economy and the concomitant heightening of its political profile, has assured it a decisive role in a post-Fidel transition. Under any conceivable scenario the military will continue to be a key, decisive player. This author wholeheartedly concurs with the notion stated by others that the military will not extricate itself from any process of political change. On the contrary, the FAR have played a crucial role in helping the regime extricate itself from its internal and external crisis. They have “laid the foundations for a stable restructuring and continuity of the regime,” guaranteeing its place as the dominant actor in Cuban politics and society. In short, high-ranking FAR officers have become the new political and economic elite, and as with elites in societies in the midst of change, they will use their vast resources to shape and support a future power structure that insures and heightens the military’s interests and influence in a post-Fidel Cuba.

A powerful and proud institution, the armed forces would see any attempt to undermine the regime and Raulismo as a direct threat to its interests and the stability of the regime and Revolution. Their control under the Castro regime of key economic sectors will make it more difficult in the future to dislodge them from these activities and to limit their role to a strictly military one when the transition begins. The military will
attempt to guide and shape a transition that safeguards its newfound economic and political interests and privileges. Raulismo has insured that the military play exactly that role in the expectation that the military equates its interests with those of Raul Castro, a first generation revolutionary leader, architect and patron of the military and its interests. In short, the military will become an important political actor, but not necessarily one that supports transition to democracy. For the FAR, Raul represents continuity, stability and a guarantee that its assets will not be threatened.
Notes

1 For a thorough discussion of this debate, see special issue of Armed Forces and Society 1, no. 4 (August 1975).
3 Domingo Amuchastegui, Cuba’s Armed Forces: Power and Reforms,” Cuba in Transition 9 (1999), 110.
16 Juan Tamayo, “Moscow Cuts Cuba Ties Down to Bare Bones,” Miami Herald (19 January 1991), 1A.
19 Ibid., p. 16.
27 Mora, “From Fidelismo to Raulismo: Civilian Control of the Military in Cuba,” p. 35.
30 This statement is taken and modified from Armando Mastrapa, “Soldiers and Businessmen: The FAR during the Special Period.” Paper presented at the 10th Annual Meeting of the Association for the Study of the Cuban Economy; 5 August 2000.
34 Amuchastegui, “Cuba’s Armed Forces: Power and Reforms,” p. 112.
39 Millet, “From Triumph to Survival: Cuba’s Armed Forces in an Era of Transition,” p. 147.
42 This information taken from Juan Carlos Espinosa, “Vanguard of the State: The Cuban Armed Forces in Transition,” *Problems of Post-Communism* 48, no. 5 (November-December 2001).
44 Eaton, “New Marching Orders,” p. 1A.
45 “Cuba Shows Off Warpower in First Public Arms Expo in Over a Decade,” *Agence France Presse* (2 December 1996).
50 Ibid., p. 24.
54 Radu, “Cuba’s Transition,” p. 108.
55 Millet, “From Triumph to Survival,” p. 147.

57 Espinosa, “Vanguard of the State,” p 16.


59 Ibid., p. 670.


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