

On the road towards capitalism

Change is coming to Cuba at last. The United States could do far more to encourage it



IN 1998 Pope John Paul II visited Cuba, prompting outsiders to await a political opening of the kind that brought down communism in his native Poland. Sadly, even two decades after the fall of the Berlin Wall, Cuba remains one of the hand-

ful of countries around the world where communism lives on. Illness forced Fidel Castro to step down in 2006, but his slightly younger brother, Raul, is in charge, flanked by a cohort of elderly Stalinists. When Pope Benedict XVI visits the island next week, expectations will be more muted.

Yet a momentous change has begun in Cuba in the meantime. The country has started on the road towards capitalism; and that will have big implications for the United States and the rest of Latin America.

The journey, as our special report this week explains, will be painfully slow. No active dissent from one-party rule is allowed: dozens of opponents of the regime have been arrested ahead of the pope's visit. Sceptics will note that Fidel Castro opened up the island's economy a little in the early 1990s, after the collapse of the Soviet Union and the withdrawal of its subsidies, only to stop when he found a new benefactor in Venezuela's Hugo Chavez.

But this time seems different. Raul Castro, though no democrat, is clearly a more practical man than his brother. He recognises that time is running out for his island. The population is shrinking and ageing, the economy is hopelessly unproductive and the state can no longer pay for the paternalist social services of which Cuba was once proud. Meanwhile, Mr Chavez's health and his hold on power are uncertain.

The changes Raul Castro has introduced are almost certainly irreversible. Much of Cuban farming is, in effect, being privatised. In all, around a third of the country's workforce is due to transfer by 2015 to an incipient private sector. As well as employing others, Cubans can now buy and sell houses and cars, even as the number of mobile phones and computers on the island is rising fast. This looks like a turning point similar to Deng Xiaoping's revolution in China.

No man is an island

Reform is moving slowly partly because Mr Castro is ambivalent. He insists, as Deng did, that his aim is to sustain, not dismantle, the Communist Party's control. There are also obstacles to reform. Bureaucrats fear losing power and perks; ordinary people fear rising prices. Popular opposition forced Mr Castro to drop a proposal to scrap the ration books that give all Cubans some subsidised food.

But going too slowly is now as dangerous for the Castros as going too fast. Cubans are unhappy. Their schools and hospitals are not as good as they were. Inequalities of income now exist alongside those of power. There is much resentment of the opportunities afforded to insiders and denied to everyone else. Having raised Cubans' hopes of change, Raul Castro urgently needs to create some winners from the reforms—and

that means pushing ahead. Small businesses must be allowed to become medium and large ones. Foreign investment should be welcomed. And the ration books should go, with subsidies targeted at the poor.

The other reason for urgency is that the Castros have failed to groom a successor. When Fidel, who is 85, dies, change will doubtless accelerate, but the regime will not fall apart: Raul is the important one now. Yet whoever takes over from him—and a partial handover may start as soon as 2013—will not have the brothers' revolutionary credentials. Cubans will judge their next leader strictly on his or her present performance. The longer Raul carries over placing the economy on a sustainable footing, the greater the risk that a post-Castro leadership will be swept away on a tide of popular anger.

Time for America to get over its 50-year tantrum

Few will mourn this regime. But there are several reasons for all sides to prefer an orderly transition to capitalism and democracy in Cuba. The sudden collapse of communism risks civil war, or at least the danger that Cuba's formidable security and intelligence agencies will become hired guns at the service of drug trafficking and organised crime. The presence of 1.2m Cuban-Americans in south Florida makes it likely that the United States would get dragged into any conflict.

Unfortunately American policy towards Cuba resembles a 50-year tantrum, rather than a coherent plan for encouraging a transition to democracy. The hurt suffered by the exiles was indeed great, but it should not supersede the national interest of the United States. The 50-year-old economic embargo of the island, which this newspaper has long opposed, has done more than anything else to keep the Castros in power. The abiding trope of the brothers' propaganda is the need for "unity" against the aggressor over the water—the official justification for the lack of political freedom and for one-party rule.

The exiles' powerful lobby in Miami and Washington, DC, maintains that going easy on the Castros, even when they are opening up, is a betrayal of American ideals. This is nonsense. The Cuban people are not free, but neither are the Chinese or Vietnamese, and America has concluded that it is in its interests to have normal relations with their countries. For all its many faults, Cuba is not North Korea nor Iran. It is no longer a security threat to the United States, nor to the rest of the region.

The only sensible question outsiders need to ask is how they can best speed change in Cuba. In the short term regime change is not likely. The dissident groups that American policy favours are small and isolated. There is no Mandela in waiting. The rest of Latin America has concluded that encouraging the regime down the road to reform is better than stopping it. Next year a Brazilian-built deepwater port, backed by a free-trade zone, is due to open. That looks like a useful capitalist tool.

Cuba is a declining corner of a rising, and largely democratic, Latin America. After 50 years in which it has been an exception, the island's destiny increasingly resembles that of its region. It is high time that those on both sides of the Florida strait recognise that. Half a century of failure is evidence enough to support a change of policy.