

After the disasters: government presents damage report



A nocturnal street in Camagüey (Source: [madras91/Flickr/CC BY 2.0](#))

A guest contribution from Andreas Hesse.

On October 18 at 11 o'clock in the morning, the worst possible case occurred: an accident at the Antonio Guiteras power plant, the largest on the island, led to the collapse of the nationwide power grid. Suddenly, the country was in the dark for several days, and everything that couldn't be used soon went bad in the refrigerator. Havana blames the US blockade of the island's economy for the apocalyptic scenario. *ila* (see note at end on *ila*) author Andreas Hesse has found other reasons.

There is a definite connection between the blockade and the collapse: the consequences of an 18-day economic blockade cost the country the same as having the power company UNE wait a year to carry out essential maintenance, according to the foreign ministry. Thirteen of fifteen power plants are outside the necessary, costly maintenance cycle. The other problem is access to oil, because the island does not produce enough of it itself. Not only does the island lack foreign currency for imports, but the United States has also imposed punitive tariffs on energy exports to Cuba in 53 cases this year. In addition to this external aggression, the population and renowned economists on the island are also focusing on homemade structural policy mistakes.

Perhaps the only positive news for the Cuban economy is not coming from Cuba, but from Miami. On August 20, Alex Otaola, a well-known Cuban exile right-winger, confidently went into the municipal elections in Miami-Dade County. He doesn't even speak English and came up with a highly peculiar program for municipal elections. Not only did he want to "free Miami from communists," but no more dollars should reach Cuba from Miami: Money transfers from the large Cuban community and flights to the island should no longer exist. But with third place and just under 12 percent of the vote, there was only a crushing defeat

to report. In the manner of his great idol Donald Trump, Otaola angrily demanded a recount. The electoral authority smugly informed him that he could forget about it, given that he was 46 percent behind the first-place finisher.

Since Cuba was arbitrarily placed on the list of countries allegedly supporting terrorism, the US starvation policy is intensifying even without Otaola. This cuts the island off from international financial flows and increases the pressure on Cuba's international cooperation partners. In particular, the de facto entry ban in the US for anyone who has previously visited Cuba is fatal for tourism and the fragile island economy as a whole. Subsidized food and medicine are only available to a limited extent, forcing people to resort to more expensive markets and fueling inflation. Buying medicine on the black market or at the high-priced private food kiosks means that there is a lot more month at the end of the money. Despair is spreading. In addition, electricity, fuel, and water are becoming increasingly scarce. This is wearing people down. Even before the meltdown, the power deficit in the first half of October regularly lay between 1200 and 1600 megawatts at peak times, with a total demand of around 3200 MW. The result: power outages outside Havana that lasted for more than half a day. The hydro crisis is looming in the slipstream of the electricity crisis: the aging and leaking pipeline system is in urgent need of repair. But the funds for this are also lacking.

Not everyone is affected equally. The emergence of a nouveau riche moneyed class in Havana, which ostentatiously flaunts its wealth, is being closely monitored by the population. This reduces the egalitarian claim of the revolution to absurdity and undermines solidarity. According to economist Pedro Monreal, people with incomes well above the average and their family members make up about 15 percent of the population. While the state's import capacity for food continues to decline, car imports are increasing rapidly (this demand is mostly private). The official slogan, "No one will be left behind", has lost credibility in times of new social inequality.

Self-blockade and bad investment

Is there anything Cuba can do except wait for a blockade that may never be loosened? Prime Minister Manuel Marrero Cruz said that in five years the country will be in a much better position than it is today. How are people supposed to hold out that long? Who will still be there and who will not have emigrated? Instead of merely complaining about the deadly pressure from the outside, the structural deficits within the country must be addressed. At least the aforementioned Marrero Cruz recognized the existence of a "autobloqueo", a self-blockade, last year. But what is actually happening?

The planned enterprise reform law is being postponed time and again, and import substitution is not making any headway. Dependence on the world market for food and energy has been playing with fire for decades. For example, the aforementioned Pedro Monreal criticizes the fact that in the first half of 2024, around 40 percent of investment funds were directed into tourism, while investment in agriculture, on the other hand, was only 2.5 percent. This imbalance has not changed in the last eight years. One may doubt the 40 percent mentioned, since the terminology of the statistics authority ONEI is not always clear, but there is no doubt about a general imbalance in investment. The official explanation is that contracts with international investors have to be fulfilled, who happen to invest in tourism and not in the drinking water supply and other loss-making areas. But there is unrest among

the population when investments are made in tourism, which hardly exists anymore and is dealt the next knockout blow by the current crisis, instead of in the timely maintenance of power plants or in agriculture.

The government's calculation is based on increasing revenues from tourism, which are supposed to plug the many holes. In fact, a different scenario is emerging: tourists are skittish creatures. If the basic services do not work and they have to fear walking through dark cities or not getting from A to B, they won't travel at all. The spread of the Oropouche virus also has a deterrent effect. In their search for tourists, Cuban embassies have now been instructed to entice people willing to travel to Cuba, even in more remote countries.

Agriculture in crisis



Acopio stall in Santiago de Cuba (Source: [Acopio/FB](#))

The boom in the world market for the main export product, nickel, is over due to weak demand in China and increased production in Indonesia. Agriculture and the food industry are suffering from a lack of fuel and electricity. In 2023, agriculture recorded a minus of 14 percent, coffee production fell by as much as 44.8 percent, and the production of cooking oil fell by 89.3 percent. The sugar cane harvest is the worst since the beginning of the revolution.

The underfinanced and hyper-bureaucratized agriculture has been a problem for many years.

Cuban economists such as Juan Triana Cordoví and Omar Everleny Pérez criticize the fact that soon after the turn of the millennium, the partial withdrawal from the sugar cane was decided without equipping the remaining parts of the sugar industry in such a way that they could have operated competitively. Despite the land and resources that had become available, the rest of the agricultural sector also failed to develop. The partial withdrawal was followed by a number of years of drought, which stood in the way of an agricultural recovery. But in 2006 there was sufficient rainfall. Nevertheless, agricultural production continued to decline. By then, at the latest, the structural problem was apparent. It was only years later

that Raúl Castro ensured that fallow land was given to interested parties on a usufruct basis. This did not yet bring about the decisive breakthrough, since not all new farmers had the necessary know-how and resources. A piecemeal increase in producer prices, which had been kept low for socio-political reasons, had too little effect. In the documentary “Adónde vamos?” by Ariagna Fajardo, a farmer from the Sierra Maestra summed up the reasons for the rural exodus. If he had to spend 21 pesos to earn 20 pesos, he had a problem. His son would not want to take over the finca, but would leave for the provincial capital Bayamo or Havana.

At this point, a brief digression is in order. Until his assassination in 1987, Captain Thomas Sankara, the revolutionary leader in Burkina Faso, followed the great example of Cuba in almost everything. There was only one point on which he did not follow Cuba: Sankara gradually increased the farmers' producer prices, which led to an increase in productivity that could only be dreamt of in Cuba. On the island, in addition to the producer prices, the logistical overload of the state purchasing company Acopio is a major burden for farmers and cooperatives. A farmer who is still waiting for his money a year after delivering a cow is hardly likely to feel a surge of motivation. Actually, Acopio's monopoly should have ended long ago. Really.

Light and shadow

Not everything works badly. The pharmaceutical and biotechnological industry, launched by Fidel Castro, is a small export locomotive. It could work much better if it weren't for the strangulation policy from outside. Vaccines and medicines are exported as far away as South Korea. But as a result of the blockade, machines and spare parts are often unavailable because potential suppliers are immediately put under pressure by Washington. Above all, the largest market remains closed right on its northern doorstep. European countries react to Cuban products with the usual Eurocentric ignorance. Nevertheless, the Department of Medical Biotechnology at the Technical University of Braunschweig and CIM Havana are now cooperating to further develop the Cuban drug nimotuzumab, which is used in 20 countries and has been shown to prolong the life of patients with esophageal cancer in particular.

Back to the dire energy situation. An opportunity was missed when Russia promised the island a large loan of 1.2 billion US dollars in 2015 for the construction of two power plants with a planned capacity of at least 800 MW. But in 2022, Deputy Energy Minister Tatiana Amarán Bogachova admitted that the funds had never been disbursed because Cuba was unable to meet the conditions, which required it to contribute 10 percent of the funds itself. Other approved loans were not used for the maintenance of existing facilities.

With the help of technical optimizations, at least 500 MW should be generated this year. And the first 30 photovoltaic parks are under construction, out of a total of 90, which should bring the island an additional 2000 MW by 2028. The megaproject is certainly the most sensible project of the Cuban government in recent years.

Can Cuba be saved, or will it collapse? Will it even degenerate into a kleptocratic state like Ortega's Nicaragua, which no longer stands for anything progressive? For now, Cuba is still trying to set protective and emancipatory accents: see the corona policy, see the

strengthening of queer and vulnerable groups through the new family law, and much more. If the sometimes difficult-to-recognize humanitarian content of the social system is to be regained, it will not be possible without massive changes in the direction of import substitution. "It's the economy, stupid"!

Andreas Hesse has been visiting the island since 1992 and has been writing about Cuba for various media outlets for over two decades, most recently regularly for *ila*.

About *ila*:

The [Informationsstelle Lateinamerika e. V. \(*ila*\)](#) is a non-profit organization based in the [Oscar Romero](#) House in Bonn. The aim of the organization is to publish critical and independent information from Latin America. The focus is on news and background information from a grassroots perspective. The organization has existed since 1975 and publishes the magazine of the same name, *ila*. ([Cubaheute](#))