DELENDA EST CASTRIST CUBA*

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INTRODUCTION

In 1898, when Cuba gained independence from Spain following the intervention of the US Army, it had a population of 1.5 million people: one million Spaniards and 500,000 Black and mixed-race people, mainly of African origin, who had arrived in Cuba as slaves and were gradually freed until the definitive abolition of slavery in 1886. From 1898 to 1930 (the year of the Great Depression) the Cuban governments attracted 1.5 million immigrants, mainly from Spain.

In 1958, Cuba had a population of 6.5 million people, 70 per cent of whom were white, mostly of Spanish origin, alongside communities of Chinese, Lebanese and Jews, and 30 per cent were Black or mixed-race, many of whom had arrived in Cuba from Haiti and the Dominican Republic, hired to work in sugar production.

In 1958, the Cuban economy was fully integrated with that of the United States. The island's main industry was sugar production, which was exported primarily to the United States, which purchased it under a quota system at subsidised prices above market rates. Of the 131 sugar mills – each with the necessary land

* All the data presented in this article up to 1980 are taken from my book *Cuba: Economía y Poder (1959–1980)*, published by Alianza Universidad in 1980. Immediately after its publication, the publisher refused to issue a new edition. The book was published thanks to the support of Javier Pradera. Javier Pradera told me personally that the print run consisted of 3,000 copies. Alianza Universidad never contacted me or provided me with any information. As soon as they were able to do so, they took the book out of print. Pure progressivism.

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– more than half were owned by American companies. The rest of the agricultural sector provided the Cuban population with fruit, vegetables, milk, eggs and meat, and exported some products to the United States under conditions of full competition.

Industry had developed around sugar production and continued to grow to meet the needs of a growing country. The basic industrial sector comprised thermal power stations, refineries, cement works and a small steel industry.

Tourism had been developing since the 1920s in response to demand from Americans, as well as through investment by hotel chains, some of which were controlled by the Mafia, which laundered its profits in Cuba.

In 1958, Cuba was a wealthy country, with a per capita income of 352 dollars. Its GDP stood at 2,600 million dollars. It was an educated nation with an illiteracy rate of 23 per cent, major publishing houses, and national newspaper and radio networks. It stood out for its healthcare services, despite the significant differences in income between white and black people. Poverty was concentrated in the countryside and in the sugar-producing industries. The middle class predominated in the cities.

Successive governments since 1898 had always taken care to control public deficits, to maintain their gold reserves—which totalled almost 400 million at the start of 1958—at the National Bank of Cuba, and to ensure economic development, borrowing only to carry out essential infrastructure projects across the island, at national, provincial and municipal levels.

Industrial projects were all privately funded with domestic and foreign capital. The unemployment rate was very low. Foreign trade in goods and services, denominated in Cuban pesos, reflected substantial sugar exports to the United States, which was Cuba's main trading partner; Cuba also exported tobacco, coffee and nickel. Its imports, 70 per cent of which also came from the United States, consisted mainly of machinery, processed foods, motor vehicles and some staple foods such as rice, wheat and lard. Its accounts were essentially in balance. The key to ensuring that the government's control of the economy was sound was the maintenance of the exchange rate of one Cuban peso to one US dollar; this was guaranteed by a conservative monetary policy, with absolute freedom to convert into dollars or any other convertible currency.

Cuba's last Constitution before the Castro era was that of 1940, which guaranteed individual and economic freedom and the existence of political parties. From 1927 onwards, there was a succession of coups d'état, driven largely by corruption and the fight against corruption. The first was the coup that led to Gerardo Machado's dictatorship in 1927 – having served as constitutional president since 1925 – which lasted until 1933. After Machado, Sergeant Fulgencio Batista rebelled against the officers and held power until 1940. In 1952, Batista—now a colonel—staged another coup and proclaimed himself dictator until he fled the country in December 1958, just before Fidel Castro entered Havana on 3 January 1959.

On 26 July 1953, Fidel Castro's group known as 'El Movimiento', also known as the Centenary Generation (coinciding with the centenary of José Martí's birth), attacked the Moncada Barracks and failed, having caused 19 deaths among the regular army. Batista's army had killed six of the attackers, whilst a further 55 were captured and executed. Fidel Castro was subsequently captured, tried and sentenced to just 15 years' imprisonment. Barely two years later, in 1955, he was granted amnesty by Batista after spending 22 months in prison.

Fidel Castro's rebellion against Batista's dictatorship began again in 1956 and triumphed in late 1958. The United States condoned this new coup – even though the Cuban Constitution had permitted its intervention since 1898 – because it was presented as a democratic movement that would call for democratic elections once more and fight against corruption.

But Fidel Castro's objectives were very different from those of all the coups and dictatorships of the previous 40 years.

Firstly, Castro wanted neither political parties, nor democracy, nor free elections. He wanted to be a dictator for life. In fact, free elections have never been held again in Cuba. From the moment he seized power, he realised that the political regimes that guaranteed lifelong dictatorships were communist ones. For his aspirations to absolute power, they were a guarantee.

All the far-reaching economic decisions taken by Fidel Castro between 1959 and 1970 were aimed at stripping away the economic power of everyone living in Cuba or who had invested in Cuba and owned property or businesses in any sector – be it agriculture, mining, fisheries, industry or services.

Before carrying out **the expropriations, without any compensation, of all US and Cuban-owned companies and properties**, he had already reached agreements with the USSR in 1960 to secure loans to finance the public and balance-of-payments deficits that would result from his decisions.

This was a radical policy which he had already implemented in the political sphere, by physically eliminating, imprisoning or forcing out of the country all the politicians who had collaborated with his movement to overthrow Batista.

Another radical policy was to force all Cuban nationals who owned property or businesses to leave Cuba. Between 1959 and 1965, in the space of just six years, around 600,000 Cubans left the country, including business owners, managers and qualified professionals, after having been stripped of everything they owned.

However, the first and most important policy was to terrorise the entire population through executions and endless prison sentences that were always served in full, as he knew that any amnesty could turn those released into enemies with inside knowledge. One example was the trial of the 43 members of the regular army's Air Force held in March 1959. All were acquitted by a Revolutionary Tribunal after it was proven that, far from bombing the population, they had sought to drop their bombs on open fields and uninhabited areas. Fidel Castro spoke out against the acquittal. He said that they were all guilty. They were retried and sentenced to between 20 and 30 years' imprisonment. The message was very clear. To his own people – the only ones he had – he was also the head of the judiciary; and to everyone else, that if they wished to keep their lives or their freedom, they had to obey his decisions, whatever they might be.

Once the State owned everything, from housing to all enterprises engaged in any kind of activity, Cuba was labelled 'socialist'. It was socialist in terms of ownership, but not in terms of economic activity, which was driven not by plans or objectives but according to Fidel Castro's convictions, desires or whims at any given moment. His poor education and his complete ignorance of all matters relating to the market economy condemned Cuba to misery and bankruptcy. Not him, however, who lived until his death in luxury and amid the – incomprehensible – admiration of a considerable section of the left and progressive movements worldwide.

It is worth recalling that on 1 January 1959, Fidel Castro seized power in Cuba to implement the economic policy we have outlined, and that on 21 July of the same year, Francisco Franco, Head of the Spanish State, approved a 'stabilisation plan' for the Spanish economy which entailed, first and foremost, a renunciation of state intervention in the economy. The currency was devalued, exports and imports were liberalised, autarky was abandoned as a means of controlling the economy, public spending was cut, and the market was allowed to set prices. Support was sought from the IMF and the World Bank to finance the transition to a market economy. Spain has never defaulted on its debts and, whenever necessary, has implemented such plans to stabilise the economy. When Franco died, Spain had a middle class that provided social stability for the country, and Francoist laws that enabled the transition to a full democracy, enshrined in a Constitution in 1978, which was approved by an overwhelming majority of Spaniards. That same year, Fidel Castro also published a Constitution that would guarantee his tyranny until his death. In 2025, Spain's per capita income stood at $40,000. Cuba's was between $1,200 and $3,000. Two different types of dictators.

I.
THE PERIOD OF THE ANNIHILATION OF ALL PRIVATE ENTERPRISE (1959–1970)

In 1974 I was posted to Cuba as Commercial and Economic Counsellor at the Spanish Embassy. I was keen to see how a socialist economy worked first-hand and in touch with reality. It didn't take me long to realise that everything was FEAR and TERROR. I naturally interacted with Cuban officials from many ministries. There were enthusiastic Castro supporters in positions of responsibility, but most lived in constant fear of speaking out, of being seen associating with a foreigner, or of being spotted arriving home outside their usual hours by a member of the Committee for the Defence of the Revolution.

The drafters of the Penal Code, the political leaders who approved it, and the police who enforced it all knew that it was impossible to live in an economic system with a ration card that covered needs for just one to two weeks; it was essential to turn to the black market to acquire what was necessary to avoid going hungry. Everyone knew that this terrible Penal Code applied to all of them. But that was always the point: to instil terror.

At a time when it is becoming clear that Cuba is a failed state and when, apparently, the economic reforms needed to lift the vast majority of the population out of poverty are being discussed, I believe it is evident that, rather than talking about the economy, we must first address how to replace the current 2019 Constitution of the Republic of Cuba and its Penal Code, which allow its leaders to terrorise a population that has no rights whatsoever.

It has been a long time since Cuba's economy could be properly analysed. There are no reliable statistics on anything. The IMF says its per capita income could be similar to that of Haiti.

The revolutionary laws and the Criminal Code

We have already seen that Cuba was a thriving economy in 1958. It was a major sugar producer, with modern sugar mills and a fairly diversified agricultural sector – given its subtropical climate – capable of exporting to the United States. It had nickel mines with their own processing plant. And a rapidly developing tourism industry. It was the third country with the third-highest per capita income in the whole of the Americas. And it boasted a respected healthcare system, a high standard of education and a first-rate publishing sector.

It had a per capita income of $352, compared with $200 in Spain. Twenty-three per cent of its population were illiterate, compared with 32 per cent in Spain in the year prior to Fidel Castro's 'triumph'.

The destruction of Cuban society and the economy took place at a rapid pace between 1959 and 1970.

From an economic perspective, all domestic and foreign companies and all agricultural land exceeding 67 hectares were nationalised and expropriated; although, somewhat later, the crops and prices of what the non-expropriated peasants produced were fixed, and they were integrated into agricultural organisations led by revolutionaries.

The most far-reaching law governing the Cuban economy – which explains the poverty in which Cubans live – was published in 1968.

On 13 March of that year, Fidel stated: "… we must further boost productive effort; we must root out selfishness, individualism and all forms of parasitism and exploitation". Within a few days, all private industrial and commercial establishments were nationalised; in the words of Fidel Castro, these were "nests of the privileged who live off the labour of others, watching as others work". All shops, workshops and warehouses were closed. In Havana alone, 13,000 private establishments were closed in March 1968. By April 1968, the private sector had ceased to exist.

That same year, Fidel Castro took direct control of the organisation of sugar production. He set out to produce 10 million tonnes of sugar by 1970. The whole country was brought to a standstill in order to achieve this. It was an utter failure, despite the contribution of Nobel laureates, such as J. P. Sartre, and a host of left-wing leaders from around the world, who came to cut sugar cane in solidarity with Fidel Castro.

All these decisions were not mistakes or accidents; they were a clear reflection of the fact that, for Castro and his henchmen, the crucial thing was that no one—no individual, family or company—should be independent. For all of them, independence and initiative, whether personal or corporate, were enemies of the Revolution, because such freedom, if it resulted in any form of private savings, could give rise to ideological positions incompatible with their 'revolution'. All Cubans had to live on what the State provided them with. And 'each person would be given according to the value of their contribution'.

In the words of Fidel Castro from September 1967, published in the *Nouvel Observateur*: '…I am opposed to material incentives, because I consider them incompatible with socialism… What we want is to demystify money, not to rehabilitate it. We even intend to abolish it entirely… The law of value makes sense in capitalist society, where the economy is based on profit. It has none whatsoever in a socialist society. We, who are in a period of transition to socialism, have no reason to resign ourselves to the economic laws of capitalism, as if our aim were merely to manage the old system more efficiently. We have discussed this point at length and have decided to free ourselves as quickly as possible from the shackles of the market. Our planning must be based on 'labour value' and not on misleading calculations of profitability or profit. We are going to abolish all financial accounting in transactions between socialist enterprises."

During those first eleven years of the Castro regime, Cuba survived by exploiting the resources invested in enterprises, housing and infrastructure by the people who lived in Cuba until 1958. And through the subsidies and aid that the USSR was prepared to provide even in those early years, as proof and an example that the power of the United States was limited and waning. It was the Cold War. The USSR considered itself well rewarded by Castro's anti-American and socialist propaganda around the world and by his armed interventions.

The destruction of Cuban society is reflected in the Penal Code in force even in those early years. I am referring to the 1963 Code of Social Defence, subsequently amended on numerous occasions – most notably in 1978 – and which remained in force until May 2022, further tightening the sanctions against dissent and private funding from abroad.

On 28 September 1977, Fidel referred to the offences he wished to "combat more resolutely", emphasising gambling, prostitution, robbery and theft, which he described as "relics of the past". The Code divides offences into common offences and political offences. He does not refer explicitly to the latter because they are termed 'anti-social behaviour'.

The Castro regime's Penal Code explicitly states:

> "A person is considered to be a dangerous individual due to anti-social behaviour if they habitually, through acts of violence, or words, or gestures, or by other provocative or threatening means, or through their general behaviour, violate or endanger the rules of socialist coexistence, or flout the rights of others, or frequently disrupt the order of the community".

Those who do so may be detained without trial. Article 137 states:

> "Any person who, with the aim of undermining state security, manufactures, supplies, sells, transports, dispatches, brings into the country or possesses, in any form or place, flammable, explosive, asphyxiating or toxic materials, substances or instruments, or chemical or biological agents, or any other element from the combination of which products of the nature described may be derived, or any other substance or device suitable for carrying out acts of sabotage, shall be liable to a sentence of imprisonment for a term of ten to twenty years or the death penalty".

Allow me to quote Article 473.1 of Law 1,262 (published in the Official Gazette No. 2 of 1974). These are not provisions of a Criminal Code intended to combat the enemies of the Revolution, but rather to instil fear in anyone who might think outside the bounds of Castro's socialism.

> "Any person who deliberately destroys, alters, damages, impairs, prevents or hinders the normal functioning of the following means, resources, facilities or socio-economic units shall be punished with imprisonment for a term of 5 to 20 years: energy sources, cold stores, depots or warehouses and other facilities intended for the storage of goods for use or consumption, educational establishments, public buildings, shops, hostels, or premises of political, social or recreational organisations. Basic industrial and agricultural equipment and resources, crops, forests, dams, utility poles and livestock; port or aviation facilities, ships or aircraft, supplies, equipment or accessories intended for those services".

The article I have just quoted refers to all kinds of economic activities taking place in Cuba. To complete the picture of FEAR, another provision is needed: the one relating to common crimes.

Article 159 states: "Anyone who steals movable property belonging to another person, with the intention of making a profit, shall be punished with imprisonment for a term of 3 to 8 years, where the offence is accompanied by any of the following circumstances: entering or leaving the premises by a route not intended for that purpose; the use of a false key, or the use of a genuine key that has been stolen or found, or a lock pick or other similar instruments; breaking through a wall, ceiling or floor, or forcing open doors or windows, or their locks, latches or fastenings; breaking into cupboards and other types of furniture or objects that are locked or sealed, or in any other place, even if the breaking or use of force is not actually carried out; or the use of force on the property itself". But even more significant, in terms of instilling fear in the population, is the following article, Article 520, which reads as follows:

> "The penalty is imprisonment for a term of 10 to 30 years or the death penalty if any of the following circumstances apply to the acts referred to in the preceding article: where the offence is committed in an occupied dwelling; where the offence is carried out whilst the offender is unlawfully wearing the uniform of members of the Revolutionary Armed Forces, or of any other armed force of the Republic, or whilst pretending to be a public official, or whilst displaying a false order or warrant from an authority; where the offence is committed by one or more persons acting as members of an organised group or gang; or with the participation of persons under 16 years of age, …where the property stolen is socialist, state or cooperative property, or that of social institutions, or personal property in the care of a state economic entity".

Nothing escapes the Criminal Code, neither homosexuals (until 1997, when Article 303 of the Criminal Code was amended), nor farmers. Specifically, Article 529 states: "Any person who, without prior authorisation from the state body specifically empowered to do so, or outside legally established abattoirs or places authorised for slaughter, slaughters cattle, whether for sale or for personal consumption, shall be punished with imprisonment for a term of 2 to 5 years."

With regard to political prisoners, on 20 October 1977, Fidel Castro declared: "We have a distinction between political prisoners and counter-revolutionary prisoners. A political prisoner is someone who is arrested and convicted for seeking to improve society, fighting for the good of humanity and for the progress of society. We do not hold the same view of those who fight to set society back. We refer to them as counter-revolutionary prisoners, who are imprisoned for committing crimes – specifically, serious crimes." He continues: "80 per cent of the individuals we had imprisoned for counter-revolutionary offences are now free. Therefore, those who remain – there may be some new arrivals, I do not deny it, I do not deny it! – will be released through this programme (referring to political re-education programmes) and, in some cases, will be released once they have served their sentences."

Fidel Castro's 'Guevarism' is leading Cuba straight towards default and domestic inflation, as public deficits are covered by the National Bank of Cuba issuing banknotes, which in turn leads to the devaluation of the Cuban peso, which is trading on the black market at a rate of 3 to 1 against the official rate. This was the first of the major devaluations of the Cuban peso, a reflection of the hyperinflation that would henceforth never cease to affect Cubans.

In fact, the first suspension of payments had occurred in 1960, when the Castro regime repudiated the payment of all external and internal debts. No debts were recognised as legitimate. Furthermore, following the nationalisation of US assets through expropriations without financial compensation in 1962, this marked the inception of the US trade embargo against Cuba, which prohibits trade with Cuba and extends to most South American countries.

Based on the reliable data available, we know that in 1962, three years after the establishment of the Castro regime, Cuba's GDP had fallen by 25 per cent compared with the figure recorded in 1958. There are no reliable statistics for the period between that year and 1970. According to official figures, GDP in 1970 stood at 5,690 million pesos. If we take into account the devaluation of the Cuban peso on the black market, in dollar terms this could amount to 1,896 million dollars, compared with 2,600 million dollars in 1958.

Nor is there any data on public deficits since 1962, as annual public budgets ceased to be drawn up. What is available are public expenditure figures covering government administration and the management of production by public enterprises across all economic sectors, as well as revenue from the sale of goods produced by the new public enterprise sector – with virtually none of the typical sources of revenue, as personal and corporation taxes had been abolished. In effect, the vast 'State Enterprise of Cuba' had been created. The other major item of expenditure, which appears in 1962, is that relating to the ration cards for the entire population, through which Cubans purchase goods at subsidised prices; these prices represent, directly, public expenditure in the amount of the subsidy.

Balance of payments deficits are covered by Soviet loans, which begin to accumulate in excess of the subsidies.

On 20 May 1970, Fidel Castro admitted, visibly moved, that the target of 10 million tonnes of sugar would not be met. His self-criticism became more pronounced in his speeches on 26 July and 28 September of that year. Castro announced that he would step down from the leadership of the country to be replaced by more capable people. But 'the people' opposed this. A resignation that never took place. In 2024, Pedro Sánchez threatened to do the same. The only difference is that Castro considered resigning because of his failure as a leader, whilst Pedro Sánchez did so for love.

II.
SOVIET CUBA (1970–1991).

Castro hands over economic control to his brother Raúl, the Cuban Communist Party and the Soviet bureaucrats, who, during this period, bring **about Cuba's second economic catastrophe.**

The economy became regulated, over-regulated and hyper-regulated with the introduction of the USSR model, which was already strangling the Soviet economy. Five-year plans were drawn up by the Central Planning Board. Wages, prices and profits were fixed for the public enterprises that formed part of the vast 'State Enterprise Cuba'.

Of course, all the statistics were erroneous or false. JUCEPLAN's task was to achieve a GDP growth figure for each year by manipulating prices sufficiently to balance income and expenditure. Despite this, market-economy countries believed that Cuba had become a credible nation, one that could be financed.

Incredible as it may seem to us now, the five-year plans of the Soviet Union and other communist countries convinced many Western economists that the figures were accurate and that the necessary efforts were being made to meet them through rigorous reforms where these were essential.

When Cuba became Sovietised, it was taken for granted that balance of payments deficits, public deficits and inflation would be kept under control. And that the growth figures would be genuine. Western countries, as well as Japan, competed amongst themselves to see who could sell the most capital goods and complete plants to Cuba on long-term credit. Moreover, private banks and sellers of consumer goods did so without additional guarantees. Between 1972 and 1986, over a period of 14 years, long-term loans from market-economy countries, within the framework of the Paris Club, totalled around 5,000 million dollars, not including those from other countries. That is the initial scale of Cuba's second suspension of payments in convertible currency.

That figure—the 5,000 million (excluding the 8,500 million in interest)— together with a further 6,000 million convertible roubles granted by the USSR up to 1989, constitutes, taken together, an approximate figure for the imports of capital goods and complete plants installed in Cuba from 1959 to 1991 to modernise its industrial sector. To this figure must be added the potential investment of 3,500 million dollars that Putin's Russia granted to Cuba in 2014. A derisory sum, which explains the lack of productivity in the Cuban economy to this very day.

In 1958, Cuba exported goods worth 733 million dollars, of which 490 million were sold to the United States. It imported goods totalling 777 million, of which 542 million came from the United States. In 1975, with the US embargo in force, Cuba imported 3,133 million convertible pesos and exported 2,946 million pesos supposedly convertible into dollars. The USSR had become Cuba's main trading partner. It exported no less than 1,250 million and imported 1,661 million, with sugar being the most important commodity. Cuban sugar exports were made at hyper-inflated prices, whilst Cuban imports – starting with oil and its derivatives – were made at devalued prices.

I would also like to emphasise that Cuba's imports from the rest of the world outside the Comecon totalled 1,000 million pesos in 1975, whilst exports reached 1,600 million; figures consistent with the reality of free foreign trade with the non-Comecon world. The US embargo was no longer felt. And trade was conducted with the same countries with which Cuba had had commercial relations prior to 1959.

Planning

But let us return to the world of planning. Cuban bureaucrats, content in their isolation from the rest of the non-Soviet world, never tire of explaining how the new economic system works and the difficulties it poses for them.

The planners' first problem is how to set the prices of each and every good that is produced, traded and sold, both to Cubans and to buyers abroad. Law 1312 of 23 August 1976 stipulated that, from 1 January 1977, the prices in force on 31 March 1976 would apply. This involved more than 1 million official prices and tariffs.

To ensure that all company managers and heads of administrative bodies knew which prices to use**, 29 volumes were printed, each containing over 300 pages.** There were many products with different prices. How could they ensure that every person in charge applied the correct ones? A print run of 200 copies was produced and distributed to municipalities, provinces, ministries and other official bodies. **There is no record of anyone consulting these prices or of any doubts regarding which prices to use being resolved.**

An example of how these prices were at odds with reality can be seen in relation to Cuba's most important product at the time: sugar.

In an official publication, without mincing words or holding back, the planning officials explain their difficulties: “We find ourselves in a situation where, for example, imported goods sold on the domestic market are still priced at 1968 levels. This is the case, for instance, with fuel and oil, to name but one.” “Well, we could start raising the prices of those products, because that phenomenon is occurring (…referring to inflation). But by raising the prices of those products – for companies in the sugar and other sectors… if we now increase the cost of their production inputs because they are imported, and we raise them for agriculture too – because fertiliser, pesticides and a range of other products are in a similar situation – then agriculture and the sugar industry, which are already unprofitable under current price conditions, would become even less profitable… Now, what should be done about this price problem? Can certain steps be taken before 1979 or 1980, or should we wait until those years to take action (referring to the New Fortnightly Plan)? These are matters yet to be decided…” In the best-case scenario, the prices of these products, including sugar, would remain frozen for another four years.

Nothing was ever decided. There were never any realistic prices. Everything was rigged. In reality, in order to function, quantities were adjusted. Each manager knew the amount of electricity, oil, glass, paper, steel… they needed to produce whatever it was. And they reached agreements on quantities to produce and to sell. A system, a practice, that could not cope with change. Nor were improvements possible if they involved changes to the quantities. Impossible. The consequence was the inability to improve or make adjustments. This was the ultimate reason for the failure of the USSR and its satellite states. Anecdotally, the most ‘troubling’ aspect is what happened to the East German economy. Western economists had taken East German statistics at face value; they believed it to be a fairly developed country, which perhaps encouraged Chancellor Kohl – alongside electoral considerations – to swap East German marks for West German marks at a rate of one to one, when on the black market the exchange rate was eight to one.

The second suspension of payments (1986) and those that followed

Finally, Cuba – a country under a blockade, according to the Cuban government and its staunch supporters around the world – suspended payments to Western countries in April 1986. Negotiations between the creditor countries – with Spain being the hardest hit – dragged on throughout the 1980s, 1990s and 2000s. It was not until 2015 that the Paris Club decided to write off 8,500 million dollars in interest. A further 2,400 million owed to Spain and another 2,600 million owed to the remaining 13 members of the Paris Club were still outstanding, to be paid in instalments until 2033. Default on these new terms began again in 2019 and, for the third time, in 2021, Cuba suspended payments. Another suspension occurred in 2024, the penultimate one in 2025, and the last one took place in February 2026. **This brings the total to six payment suspensions.**

Cuba leased its army to the USSR

However, despite the suspension of payments in convertible currency, Cuba maintained its planned economy with the expected results. This was of no concern to either Fidel Castro or the senior Soviet officials. A new form of financing, independent of the conventional economy, had emerged – a new category of services in the balance of payments. Cuba sold the labour of its military personnel, and later that of doctors and teachers, and the USSR paid whatever had been agreed.

Cuba became the armed wing of Fidel Castro, the USSR and the most belligerent countries of Eastern Europe. In 1975, Cuba intervened in the Angolan war, which did not end until 1991. More than 400,000 Cuban soldiers and over 50,000 medical professionals and educators fought and collaborated with the Angolan Marxist regime. The Cuban army's intervention was not limited to Angola. It played a decisive role in other countries, such as Ethiopia, Somalia, Eritrea and Oman, and was also present in the conflicts with Israel, supporting the Palestinians. Meanwhile, in 1973, Fidel

Castro was touring Chile , demanding a coup d'état should Salvador Allende lose the forthcoming elections. He was also collaborating with Alvarado's Marxists in Peru.

The cost of weapons and military logistics – apart from personnel costs – was paid directly by the USSR without going through the balance of payments.

It is estimated that, from the time the USSR replaced the United States as Cuba's main trading and economic partner, the Cuban economy received enormous annual subsidies, amounting to around 25 per cent of GDP. In the case of sugar, the system mirrored that of the United States, purchasing a quota of tonnes at prices far higher than those on the international market. Likewise, it sold its oil to Cuba at prices well below international market rates and even allowed Cuba to sell any oil it had not used domestically on the international market. The same system was used for the purchase of Cuban nickel and for Cuban imports of foodstuffs, industrial goods and capital goods.

Venezuela's system of subsidies to Cuba, which we shall examine later, mirrors that of the USSR for its oil, including the possible resale on the international market. When the USSR collapsed, it emerged that, in addition to these annual subsidies, the USSR's trade credits to Cuba were several times greater than Cuba's GDP in 1989. Gorbachev's USSR began to demand repayment of the debt in 1989.

Fidel Castro's disregard for figures and for the Cuban people

I can illustrate Fidel Castro's disregard for the domestic economic situation with two incidents that occurred whilst I was head of the Trade Office in Havana. Spanish exports to Cuba in the 1970s were made on FOB terms, on Cuban-flagged vessels. In 1975, for at least four months, Spanish goods bound for Cuba were piling up on the quays of Spanish ports, whilst Spanish companies were unable to collect payment. The Cuban ships failed to turn up. The Cuban authorities insisted that their ships would arrive soon. Faced with this impasse, and together with the then Under-Secretary of State for Trade, Eduardo Peña, we persuaded the minister to publish a prominent advertisement in Madrid's *Hoja del Lunes*, urging

Spanish companies to lodge a protest so that they could claim compensation from the Cuban government. Fifteen days later, the ships turned up. We later learnt that the entire Cuban fleet was occupied with transporting weapons and fighters for the war in Angola. And so it continued throughout the year.

The Cuban economy ground to a halt that year. But it didn't matter; the Russians paid willingly and the Cubans put up with it as best they could.

A second example of Fidel Castro's disregard for the economy. In September 1978, Adolfo Suárez visited Cuba for two days. One of the planned events was a visit to a large cement plant in Mariel that had been supplied and built by a Spanish company. At the last minute, the visit was cancelled. Together with the Spanish businessmen, I travelled to Mariel to find out what had happened. The factory manager replied, looking dejected, that the plant was not operating because some of the electrical equipment had been sent to Angola and he had not been told when it would be replaced.

Speaking of contracts between Spanish companies and the relevant Cuban ministries, I must mention a clause that appeared in all contracts for all exporters, regardless of nationality. It expressly stated that it was **'strictly forbidden to burn banknotes issued by the National Bank of Cuba'.** It so happened that foreign workers, who were paid a portion of their wages in non-convertible Cuban pesos, were in the habit of burning all their surplus banknotes, as they could buy nothing with them and they were not convertible once their contracts had ended.

Control of emigration and the development of tourism

The new demands made by Soviet planners—which Fidel Castro reluctantly accepted in order to facilitate Cuba's financing in convertible currency and its own economic growth—were the development of tourism and the control of emigration among professionals and university graduates.

The most important thing was to halt the emigration of Cuban professionals and university graduates. This is what was done. And this caused great unrest amongst those who wanted to flee the Cuban 'paradise'. An incident involving six Cuban nationals who sneaked into the grounds of the Peruvian embassy on a bus, and the refusal of the Peruvian representatives to hand them over to the Cuban authorities, provoked the wrath of Fidel Castro, who decided to withdraw police protection from the Peruvian embassy. A stunned Fidel Castro was forced to watch as, within a few hours, more than 12,000 Cubans sought refuge on the embassy grounds. The crisis caused by this gathering of Cubans desperate to flee at any cost ended with Fidel Castro, in another fit of rage, authorising anyone who wished to leave to do so from the port of Mariel. Thousands of boats arrived from Florida. The exodus totalled 150,000 people. Fidel Castro took the opportunity to force the captains of these vessels to take on board a large number of prisoners convicted of common crimes and patients from psychiatric hospitals. This event is explored by Leonardo Padura in his latest book, *Morir en la arena*.

The desperation of the Cuban people was once again on public display in 1994 with the 'rafters' crisis. More than 35,000 Cubans were picked up by vessels from Florida.

Neither the Soviet bureaucrats nor the most ardent Castro supporters could ever have imagined that the one million Cubans who managed to leave Cuba between 1970 and 2018 – following the departure of the first 600,000 between 1959 and 1965 and the other group, of between one million and 1.5 million who left the island between 2020 and 2025, would become a source of convertible foreign currency for the perpetually bankrupt Castroist Republic of Cuba. The figures are not as opaque as they usually are, as transfers from the United States and other countries, such as Spain, have been made through banking and financial channels outside Cuba. The total figures, which we shall analyse later, far exceed the value of Cuba's exports of goods, which remain the same as in 1959, except that sugar has now disappeared: nickel, cobalt, other minerals, tobacco, rum, some sugar and a few pharmaceutical products.

A second initiative was to allow the development of tourism. To this end, foreign capital was permitted to enter the country, enabling hotels to be built and operated whilst the government retained a majority stake, without recognising the right to ownership of the properties. Tourism gradually became a source of convertible foreign currency.

The sale of services abroad: the Cuban army

In 1975, the Cuban army arrived in Angola to defend the Marxist government. In 1978, the military intervention gave way to a more ambitious project; drawing in part on what they had learnt in Angola, Fidel Castro decided to embark on a new venture: the sale of medical, educational, security and military services to countries that had the foreign exchange to pay for them and whose ideology aligned with Castroism; in short, to dictatorships similar to Cuba's.

In September 1978, during one of the official meetings between Fidel Castro and some of his ministers and President Adolfo Suárez—who was on a two-day official visit to Cuba, accompanied by the Minister for Foreign Affairs, Marcelino Oreja, and the Under-Secretary for Trade, Carlos Bustelo, as well as Ambassador Suárez de Puga and some members of the Spanish embassy, among whom I was present— President Suárez informed Fidel Castro that, despite the efforts of Hispanoil – at that time the only Spanish oil company – little oil had been found in Cuban territorial waters, and what had been found was of poor quality and not easily extractable. **Castro did not take long to reply: 'It doesn't matter'; 'We don't have oil, but we will earn the same foreign currency by graduating five thousand doctors a year and selling their services abroad'.** Carlos Bustelo asked him what they would do with the doctors once they returned to Cuba after serving abroad. He did not reply. For Fidel Castro, it was clear that most of the doctors would never return to Cuba, for if they wanted to support their families, they would have no choice but to sell their services – paid for in convertible foreign currency by the government, and in Cuban pesos by the doctors themselves – in one of the many friendly countries that sought their services.

Speaking of visits by Spanish government officials, I would be remiss if I did not recount what happened to me personally when **Nemesio Fernández Cuesta,** a minister in the Arias Navarro government, arrived in late 1974, at a time when Franco was still the

Head of State of Spain. It was the first visit by a Spanish minister to Cuba since independence in 1898. The purpose of the visit was to sign a new protocol under which Cuba undertook to sell Spain a large quantity of sugar at an agreed price at a time of severe shortage, whilst Spain granted loans for the sale of capital goods. As was his custom, Fidel Castro asked that the entire Spanish delegation, of which I was a part, be taken to a 'protocol house' run by the Cuban Government to meet the Spanish Minister for Trade. Aside from Castro's thanks to Franco for having always kept trade and communications between Spain and Cuba open, despite pressure from the Americans, Castro turned up at three in the morning – another of his habits. At one point during the meeting, he asked for some Spanish wine to be brought to him. That was impossible at the time. However, as my house was just 100 metres from the protocol house, I offered to bring wine for everyone. With great difficulty, clutching six bottles of Cune red wine in both hands, I carried them to the aforementioned protocol house. His gigantic bodyguards took the six bottles from me. Meanwhile, Castro kept asking for his Spanish wine. It so happened that I suddenly came across a waiter who presented me with six glasses of wine, insisting that I try them all. I refused. I told the waiter that I would only try one. The head of security didn't bat an eyelid. I drank one glass, the head of security another, a third was drunk by Cuba's Minister for Foreign Affairs, a fourth by the Minister for Trade, and I cannot recall who drank the other two. And afterwards we all waited for at least half an hour to be sure that no one had been poisoned. Nothing happened, and Fidel Castro, without even saying thank you, single-handedly polished off a bottle in a matter of minutes.

Fidel Castro, the Soviet coup leader

Since 1986, Fidel Castro had made it clear that he did not agree with Gorbachev's perestroika and glasnost. He reiterated time and again in his speeches that those policies would only serve to weaken his Revolution. In Cuba, between 1986 and 1991, there were no reforms whatsoever. Castro, drawing on his prestige as an anti-American leader, supported , members of the almost defunct

USSR and the KGB who spent those years plotting against Gorbachev.

Gorbachev survived the coup, granted freedom to the countries of Eastern Europe and allowed member states of the USSR to secede if they so wished. Among those that seceded were Belarus and Ukraine, much to the despair of Putin, who at that time was a mid-level operative in East Germany. And it brought an end to the USSR's special relationship with Cuba, mainly as punishment for its support of the coup, partly because Russia could no longer sustain Cuba economically, and, finally, because the Cold War had ended and they no longer needed an armed proxy to confront the United States around the world.

In July 1989, Fidel Castro ordered the execution by firing squad of General Ochoa – the most prestigious general in the Cuban army – and three of his most senior officers, accused of drug trafficking. The reason behind this decision has never been clear, although Fidel Castro's track record – from his university days through to the elimination of all his political opponents both before and after 1959 – suggests that he was preparing to seize absolute power, not merely over the Communist Party but, specifically, over the army.

What is beyond doubt is that Cuba was trafficking in drugs. This would have been a further incentive for the agreement with the Venezuelan narco-state. It is impossible to believe that the Cuban army and security forces, which bolstered the Venezuelan dictatorship for 25 years, were not key players in that trafficking.

The inevitable consequence of the policy of military intervention in countless countries was the strengthening of the army. The army became the backbone of the Castro regime. By 1991, the era of the Guevarist revolutionaries, the Communist Party and its five-year plans had come to an end. It was the army's time; from that moment on, it has controlled – and collected – revenue from tourism and remittances from Cubans abroad (until 2024) through GAESA, a company controlled by the generals closest to Fidel Castro. We shall look in more detail later at the way GAESA (Grupo de Administración Empresarial S.A.) operates.

III.
THE PERMANENT 'SPECIAL PERIOD' (1991–2026)

In 1991, Fidel Castro had to inform the Cuban people that Cuba had entered a 'special period' of economic restrictions. He explained that this was due to the collapse of the USSR and the independence of the Eastern European countries (the COMECON), but he never mentioned his own role in the 1989 attempted coup against Gorbachev.

In fact, 1991 saw **the normalisation of external economic relations.** For the first time since 1959, Cuba was forced to organise its economy without significant foreign aid. Overnight, Cuba found itself without subsidies from the USSR and the other COMECON countries, and with a vast workforce of military personnel, police officers, doctors and teachers for whom there was no demand.

This phase of the Cuban economy comprises five distinct periods. The first, from 1991 to 1994, was marked by a dramatic economic downturn (a 36 per cent fall in GDP) and a consequent decline in living standards. **The second, from 1995 to 1999,** was characterised by stability amidst poverty**. The third, from 2000 to 2019**, saw a minimal recovery thanks to relations with Venezuela**. The fourth, from 2020 to February 2026,** is another crisis similar to that of 1991, triggered by the pandemic, which has affected tourism, oil prices (except in 2022 and 2023 due to the war in Ukraine) and a reduction in remittances from Cubans abroad.

The fifth is the current phase, which begins with Maduro's abduction and is characterised by the collapse of the Cuban economy, which was forced to declare a suspension of payments for the sixth time in 2026. The ban on oil imports accelerates the process of collapse, but even without it, the demise of the Castro regime seems impossible to avoid.

The collapse of the USSR and the loss of its thousands of advisers, who had taught them how to repress and control the population, left Fidel and Raúl Castro facing the dilemma of how to replace them in order to maintain their regime of terror.

Internal security is entrusted to the army. Not to the army's generals, but to the Castro loyalists within the army. And, amongst these, to those closest to the Castro family.

The second challenge was how to finance this power structure outside the public budget. In 1993, Raúl Castro had set up GAESA to secure foreign currency income for them, thereby keeping them separate from whatever might happen to ordinary public revenue and expenditure. From the outset, they became the managers of the tourism sector. GAESA holds the shares in the joint ventures set up with foreign investors for the construction and operation of new Cuban hotels.

Subsequently, they took control of the management and revenues of all activities involving foreign currency – from the bank where all foreign trade operations are centralised to the control of remittances from emigrants.

The next step was for GAESA to take control of Venezuelan oil exports, which were used to pay security personnel, military personnel, doctors and teachers who turned Venezuela into a dictatorship similar to that of Cuba.

It is certain that the profits from Venezuelan drug trafficking bolstered the Castro family's income, either through GAESA or directly.

Consequently, the macroeconomic analysis presented in this essay can only be approximate.

Taking stock of the economy

It was time to take stock of an economy that had adapted to Marxist–Leninist principles and Soviet-style five-year planning. An economy that, in four years, from 1991 to 1994, contracted by 36 per cent. A crisis in which Cubans suffered significant reductions in their ration cards. The vast majority went even hungrier. They continue to do so today.

Cuban agriculture was unable to supply even a minimum of the essential foodstuffs required to fulfil the entitlements on the ration cards.

The agricultural sector

He was the hardest hit from the very outset by Fidel Castro's victory in 1959. Just as had happened with the Russian and Chinese Revolutions. Fidel Castro branded all peasant landowners with holdings above a minimum size (67 hectares in the case of Cuba) as counter-revolutionaries. They all lost their land, which became the property of the State.

Agricultural holdings were organised into state-run enterprises, state farms and cooperatives. Even those who had retained their land were forced to join cooperatives which dictated what they should produce, what they should buy and what they should sell – and at what price.

The result was a catastrophe, mitigated, in part, by the statistically recognised higher productivity of landowning farmers.

And, incredible as it may seem, the reforms needed since 1991 were implemented slowly and with major limitations. Instead of following the policies of Deng Xiaoping—whose first act was to dissolve state-run farms and cooperatives and give farmers the freedom to produce whatever they wished at market prices—they followed those of the new Russian Federation, which took three years to recognise private ownership in the agricultural sector.

The only part of the Cuban agricultural sector that was functioning in 1991 was the tobacco sector, which Fidel Castro respected for propaganda purposes and because it was capable of generating foreign exchange.

And the sector in the worst state was that dedicated to sugar cane cultivation. Castro's obsession with sugar partly explains the nationalisation of the countryside, along with the expropriation of the 161 sugar mills that were in operation in 1959. Castro's incompetence was such that he believed the countryside and the sugar mills would be capable of producing 10 million tonnes of sugar annually on a permanent basis, and that this output would give him control of the international sugar market. This folly became apparent during the 1970 harvest, which produced a mere 8.1 million tonnes at the cost of bringing the entire country to a standstill to achieve it. From 1991 onwards, sugar production began to decline. It was clear that it was not a viable industry without modern machinery, which Cuba lacked. Today, there are barely a dozen sugar mills left. The target for the most recent harvest, that of 2024/2025, was 265,000 tonnes. Actual production was only 150,000 tonnes. Cuba has started importing sugar.

The decline in sugarcane cultivation has not had the effect one might expect from its replacement by other crops. The Cuban countryside remains state-controlled, although concessions are granted to farmers who own or have usufruct rights over public land, allowing them to produce and sell their produce on the open market. Both sectors, however – public and private – have been subject since 1991 to restrictions that prevent them from improving. They have had no access to permits to purchase machinery, fertilisers, pesticides or fuel, all of which are, essentially, imported. This is an unresolved problem during this extremely long 'special period' that has become permanent, because there have never been sufficient foreign currency reserves to purchase the essentials. To such an extent that today food imports constitute the largest category of the ever-limited imports.

As an aside, it is worth noting that the current price of sugar on the international market is around 15 US cents per pound. Since 1970, with the exception of the years 1974 to 1976, the price of sugar has been around 21 cents per pound. More than fifty years later.

In the primary sector, the only **areas** that have been successful are **nickel and cobalt mining**, along with small-scale production of zinc, gold, silver, chromium and iron. Cuba's nickel and cobalt mines are operated by the Canadian company Sherrit, which exports the ore for processing at its plants in Canada. Nickel and cobalt are Cuba's leading export commodities.

Cuba now produces **oil and natural gas in quantities insufficient** to meet its domestic demand. In 2025, 40,000 barrels per day of crude oil equivalent ( ) were produced. This is a heavy oil with a high sulphur content, which makes it difficult to refine; it is used solely for electricity generation in the country's thermal power stations. Cuba's requirements are in the region of 100,000 barrels a day.

Industry

Cuba's industrial sector in 1991 was in a state of disarray, as its performance was, and continues to be, increasingly poor due to a lack of investment. Loans from the USSR modernised a significant part of the basic industry; although it must be remembered once again that these loans came to an end in 1989 and that, until 2014, there was not even a refinancing agreement. The basic industry has, and had, seven power stations, most of which were built in the 1950s, 1960s, 1970s and 1980s. Six cement plants, the most recent of which date from the 1970s, are capable of producing 1.5 million tonnes – the same today as in 1991; currently, a single modern, medium-sized plant produces that same 1.5 million tonnes. It has four refineries, one of which dates from before 1960, with a refining capacity of 120,000 barrels per day. A steel industry comprising a single steel production plant, which was modernised in 2023 with an investment of 100 million dollars, funded by a loan from Putin's Russia. A sum that Cuban politicians regard as enormous. And a multitude of workshops and small businesses that consistently produce less than the bare minimum.

In 1991, Cuba's main industry was sugar production, as already mentioned. For decades, it has absorbed the country's meagre economic resources, despite the fact that planners – and the authors of the five-year plans of the 1980s and 1990s – knew full well that these enterprises were unprofitable. Since 1991, their number has been steadily declining, with most being cannibalised to sustain the few that remain today. This is a problem common to all planned socialist economies, which are able to identify the least efficient sectors but are incapable of driving the development of other industrial sectors due to the lack of a market-based pricing system. **The impetus for new industries has always been political in nature.** Fidel Castro's visionary projects are legion, amply demonstrating that he was an arrogant fool and that all his projects, after draining Cuba's scarce economic resources, have ultimately come to nothing.

On the whole, the industrial sector is very outdated, inefficient, small in scale and characterised by a disproportionate consumption of electricity and fuel.

In 1991, **the construction sector**, like every other sector, suffered from a lack of machinery and the necessary supplies. Official statistics show that almost 2 million homes were built between 1959 and 2024. This figure is an exaggeration and classifies as 'homes' the conversion of any structure to which it has been possible to add a roof, walls and a floor. During the 66 years that the Castro regime has lasted so far, the population has risen from 6,500,000 in 1959 to the current 9 million, having previously stood at almost 11 million. The vast majority of the homes in which Cubans live are those abandoned or confiscated from Cubans who have left the country. The scarce reliable data available suggests that, up until 1990, 22,000 homes were built each year, with this figure falling substantially between 1991 and 2000, before rising again to 20,000 per year from that date until 2020, after which construction has once again stagnated.

The service sector

By 1991, the service sector had absorbed all the labour that had not found employment in agriculture or industry. Unemployment in Cuba was impossible— , both theoretically and ideologically. Once again, by decision of Fidel Castro, an army had been created to operate worldwide, and the number of doctors, nurses and teachers had been increased with the same objective. From 1991 onwards, the size of the army had to be reduced, but the education sector was maintained as a potential source of convertible foreign currency. We do not know the number of people who make up the security services. We do know that repression has never had any difficulty in financing itself because a regime of terror requires many operatives and many assistants.

Foreign debt

Another poisoned legacy facing Cuba during the 'permanent special period' of 1991 was **its external debt,** incurred both in convertible currencies with market-economy countries and in roubles – which were apparently also convertible into dollars.

In April 1986, as we had anticipated, Cuba suspended payments in convertible currency. Negotiations to resolve the crisis would drag on until 2015. In that year, capitalising on the momentum of Barack Obama's policy of opening up towards Cuba, the Paris Club – comprising 13 of the largest market-economy countries – reached an agreement on a foreign debt of 12,500 million dollars, as the principal of the debt – around 4,500 million – had to be increased by the interest accrued over more than 30 years of non-payment.

What Fidel Castro did not expect was that first the USSR, and later the Russian Federation, would demand repayment of the principal of the trade debt that had accumulated up to that year (loans granted in addition to the enormous subsidies received by the Castro regime for acting as the implementing arm of Soviet expansionist delusions). **The debt at the end of 2014, without distinguishing between principal and interest, totalled 35,000 million dollars that year.**

Cuba's external debt to other countries such as Japan, China and others, added to that owed to the Russian Federation and the Paris Club, totalled 54,000 million dollars, of which at least 8,500 million was interest on defaults from those years.

Putin's Russia had reached an agreement with Cuba in 2014 under which 90 per cent of the debt was written off. The remaining $3.5 billion was to be paid off over 10 years, with the money being invested in Cuba itself in Russian-Cuban joint ventures. This has, to some extent, been carried out.

Agreements were also reached with the so-called London Club, which brought together private banks and supplier companies with outstanding debt. China had reached a debt write-off agreement for 600 million in 2011, and Mexico had written off a further 300 million in 2013.

The outstanding debt, following debt relief from all creditor countries, stood at 15,000 million dollars in 2015. The Castro government had committed to repaying this in instalments up to 2034 and beyond. In reality, apart from token payments, nothing has been paid.

To understand the scale of the $54,000 million external debt, it must be compared with Cuba's GDP. In 1991, this stood at $24,000 million at current prices. By 1993, GDP had fallen to $17.3 billion at current prices. This meant that the debt accumulated from 1959 to 1991 – the $54 billion – amounted to 225 per cent of 1991's GDP and 312 per cent of 1993's GDP.

This enormous level of debt meant that, until 2015, Cuba was unable to secure financing to cover its balance of payments deficits, apart from the subsidies and payments it received from Chávez's Venezuela from 2000 onwards – which we shall examine later – and from tourism and remittances from emigrants, the total income from which served to stabilise the economy. Never to invest or improve it.

The public deficit

The IMF has estimated that the public deficit in 1990 stood at 10 per cent of GDP and that by 1993 it had reached 30 per cent of GDP. The entire public deficit was monetised (just as it is now) by printing legal tender banknotes in Cuba, which, in turn, produced (as it does now) rampant inflation that affected the exchange rate of the Cuban peso, disrupting and confusing the prices used internally to draw up the relevant economic plans. Apart from eroding Cubans' standard of living, as the burden of inflation has always been borne through wage and pension increases that were far lower than the rise in prices of the goods and services they had to purchase from the 'State Enterprise Cuba'.

The situation was so desperate that Cuba had to allow the Cuban convertible peso and the US dollar to circulate until 2021, when a new Cuban peso was once again authorised in place of the convertible peso and the US dollar, establishing an **official exchange rate of 1 new peso to 24 convertible pesos**.

IV.
THE MONSTER DISAPPEARS. IT IS REPLACED BY THE SOVIET BUREAUCRAT

In 2013, Raúl Castro temporarily replaced Fidel Castro – who died in 2015 – and remained Cuba's new president until 2020. From 1970 onwards, Raúl Castro, the Minister of the Interior under the Castro regime, had been replacing Fidel in the bureaucratic management of the Castroist economy. All the while remaining the enforcer of terror.

When he succeeded his brother in 2013, his calling card was a commitment to seriousness, with no further foreign adventures. A commitment he also failed to honour by strengthening ties with Maduro. President Obama, during his second term, supported the supposed seriousness of the new Cuban dictator. Years earlier, under the Bush presidency, the embargo on food and medicines had been lifted. Under Obama, transfers of funds to family members in Cuba were permitted without restrictions, and travel to Cuba was even liberalised.

On the international stage, Obama supported European governments adopting a policy of appeasement towards the Castro regime. Thus, in 2015, an agreement was reached regarding Cuba's external debt with the member countries of the Paris Club and private creditors in the London Club, to which we have already referred.

This policy of economic openness towards Raúl Castro's Cuba is followed by political openness, as if Cuba were no longer a regime of terror. Pope Francis's pontificate is no stranger to this. In Spain, it is Rajoy's government that is proposing a foreign policy much more in line with Castroism. It is no coincidence that Spain is the main creditor of Cuba's external debt within the European Union. Rajoy's shift also extends to the political sphere. His government has targeted the Hispano-Cuban Foundation, which for 20 years had brought together the majority of anti-Castro democratic parties and which eventually ceased to exist whilst Guillermo Gortázar was president and Javier Martínez-Corbalán was director-general – the latter having, for years, aided the Cuban dissident movement within Cuba at great personal risk.

From its inception in 1996, the Hispano-Cuban Foundation included both Spanish and Cuban leaders and collaborators. These included Cubans in exile such as Carlos Alberto Montaner, Jorge Mas Canosa (leader of the Cuban-American National Foundation), Lincoln Díaz Balart, Jorge Sanguinetty, Raúl Rivero, Fernando Vega Penichet and Leopoldo Cifuentes, amongst others. Among the Cubans who risked participating whilst living in Cuba were Osvaldo Payá (who died in an unexplained accident), Gustavo Arcos, Vladimiro Roca, Félix Bonne, René Gómez Manzano, Elizardo Sánchez and Marta Beatriz Roque.

Raúl Castro's main contribution to the survival of the Castro regime has been the reduction in the size of the Cuban state enterprise, particularly in the agricultural sector, by allowing private farmers to use state-owned land and by authorising any Cubans who so wished to leave the country.

What Raúl Castro has never renounced is the policy of terror and the application of increasingly harsh legislation against dissent, nor has he relinquished control over Cubans' private property – the most important ideological principle of the Castro regime – for, although there are 650,000 'bank account holders', their growth and the activities they can undertake are restricted.

In 1993, the most urgent reforms began, expanding on some that had already been in place since the 1980s. **Some agricultural markets were legalised**, where certain products could be sold at free-market prices. That same year**, self-employment** was legalised, even allowing the hiring of a limited number of other workers. Another reform (temporary, of course) was **the authorisation to hold convertible foreign currency** in personal accounts and to receive convertible foreign currency from abroad, which came to an end in 2021. In 1995, official markets were created where convertible foreign currency could be bought and sold at prices close to those on the black market until 2021.

It is not worth analysing the evolution of GDP from 1989 to 2026. The jumble of prices existing at any given time, ranging from those in the five-year plans—which listed 1,000,000 official prices across 200 collections held by official bodies (which were never consulted)—to price fluctuations, some affected by inflation and others not, has permanently disrupted economic activity.

Exports and imports since 1991

It seems to me that **the only possible way** to analyse how the Cuban economy has evolved since 1989 **is to look at how exports and imports of goods and services have fared.** These are, in this case, figures known to international organisations and to the credit agencies of countries that trade with Cuba, expressed in dollars.

Exports. 'Oil for services'

Let us begin with exports. In 1989, exports totalled 5,400 million dollars. By 1993, they had fallen to 1,200 million dollars a year.

That year, sales were almost the same as in 1958: a small amount of sugar (compared with the large quantities sold in 1959, when over 400 million was exported to the United States), nickel and cobalt, tobacco and some pharmaceutical products.

Between 2000 and February 2026, an agreement with Venezuela, known as 'Oil for Services', was in force, which enabled Cuba to receive payments from Venezuela **totalling 63,000 million dollars** from 2000 to 2025; these appear in the statistics as exports of services from Cuba to Venezuela, (data from the 'Miranda Centre for Democracy' contained in the report 'Oil for Repression', presented at Florida International University and corroborated by the US Government). An average of 2,520 million dollars per year over those 25 years. This amount exceeds the average value of all Cuba's exports of goods during the same period.

The figure for exports of goods has also risen because Cuba began exporting its own low-quality oil whilst refining that from Venezuela or reselling Venezuelan oil at market prices. The services Cuba has provided to Venezuela consist of organisational and personnel support to ensure security services, the functioning of the army, and the personal services of doctors, nurses, teachers and lecturers who replaced the Venezuelan professionals who had left their country.

As we shall see later, Venezuela has paid those 63,000 million dollars in Venezuelan oil sold at prices below international market rates, thereby also subsidising Castro's Cuba.

Tourism

Among service exports, the next most significant item consists of **payments received from Venezuela,** as already mentioned. Revenue from other services, which continued to grow until, once again, the year 2020, was **generated by tourism**. In 1989, revenue stood at 200 million dollars. In 1991, revenue reached 400 million, with around 400,000 visitors. Despite its reluctance towards the presence of foreigners and exploitative capitalists, the Cuban government permits capital investment, which has resulted in the construction and refurbishment of 336 hotels with a total of 83,000 rooms. Revenue rose to 1,000 million in 1995 and continued to increase in subsequent years, reaching 2,000 million in 2000 and remaining at similar levels until 2019. In 2020, the pandemic reduced revenue to 900 million dollars, but it has since recovered to reach 1,600 million in 2024. **A very rough estimate puts gross tourism revenue at 75,000 million from 1991 to 2024. Net revenue is unclear**, as limitations in agriculture and industry mean that many of the goods required for tourism services have to be imported.

Imports

Imports and the size of the balance of payments deficit are what determine the economy's potential for growth. In a country with such inefficient productive sectors, imports are not only decisive factors in economic growth or recession, but are also essential for ensuring a minimum level of provision under the rationing system, the functioning of industry, and the essential inputs for the agricultural sector.

The breakdown of Cuba's imports is bleak. The most significant are purchases of food and medicines – which have been made primarily from the United States since Bush lifted the embargo on those sectors. Next come oil and all kinds of refined products that Cuba does not produce, or could produce only at an exorbitant cost. Following these are fertilisers, pesticides and consumer goods. , only minimal quantities of capital goods are imported. It should be remembered that from 1986 until the 2015 agreements on external debt, Cuba was unable to secure long-term loans, which are the only means of financing the purchase of capital goods. In any case, from that year onwards there has been no scope for importing capital goods either.

The trend in import figures provides a clearer picture of the economic landscape. In 1989, Cuba imported 8,100 million dollars, with the USSR being the main supplier, primarily of oil. **By 1993,** the crisis had reduced imports to **$2,000 million.** Subsequently, with the support of **tourism** – and **remittances from Cubans abroad, which we shall analyse later – imports rose to $5,200 million in 2000.** As we have seen, **support from Venezuela** enabled imports to grow to 7,000 million in 2005, 11,700 million in 2015, and **a total of 12,300 million in 2018**. The 2020 pandemic forced a reduction in imports to 7,300 million that year, with a subsequent recovery to 10,000 million in 2023, followed by a further decline to 8,000 million in 2024. These figures will be examined later using official data from the Cuban government.

V.
EXTERNAL DEBT, PAYMENT SUSPENSIONS AND GAESA.

There is a lack of precise information on at least two items in the balance of payments for services: freight charges and the financial costs of external debt and the countless very short-term credit agreements**. External debt had continued to grow and stood at around 20,000 million dollars in 2020.** In 2021, Cuba once again suspended its debt repayments. This default further downgraded Cuba's credit rating, and since then it has only been able to secure short-term commercial loans with minimal guarantees. In 2021, a new debt refinancing agreement was reached, but it was immediately breached. This suspension of payments was renegotiated, and a new agreement was reached in 2025 with the Paris Club. The debt owed to Paris Club member countries stood at approximately $5,000 million, of which some $2,400 million was owed to Spain. **No interest or principal payments have been made on Cuba's external debts since 2021.**

Remittances from Cubans abroad

But that is not the end of the story. The current account balance of payments includes both the balance of payments for goods and services and that resulting from **payments transferred by emigrants living abroad,** which are referred to as remittances in accounting jargon.

Remittances from Cubans living abroad are more significant than revenue from tourism. Cubans who fled as best they could from 1959 onwards and were at the centre of events such as the Mariel exodus in 1980 and the rafters' exodus in 1994 have gone from being labelled 'worms' as labelled by the Castro regime to being actively encouraged to leave their country in order to reduce expenditure on their ration cards, in the hope that they will send foreign currency to support their families in Cuba. The Castro regime has shifted from exercising maximum control over the emigration of its citizens—on the grounds that Cuba could not afford to let its best professionals leave, as was the case between 1970 and 1989—to allowing them to leave freely since 2013, a decision taken by Raúl Castro whilst Fidel was on his deathbed. They have gone from losing their homes to Raúl's Castro regime – not Fidel's – allowing them to keep them, even if they do not live in Cuba.

In figures, **remittances stood at 200 million** in 1993, growing year on year until they reached 843 million in 2000. In the years that followed, they continued to grow , reaching 1,300 million in 2005. Peak figures were recorded between 2015 and 2018 – also as a result of US government authorisations – with **figures of 3,354 million in 2015 and 3,700 million in 2018. In 2020, the pandemic also affected remittances, which fell to 2,300 million** and have stood at around 2,000 million annually ever since.

All these transfers amount to around 50,000 million dollars from 1993 to 2025. Cuban democratic organisations estimate **the value of shipments of consumer goods and medicines over the same period** at **a further 50,000 million. In total, more than 100,000 million dollars**. Those 50,000 million worth of goods, which do not appear on any balance sheet, are, quite simply, the income that has enabled the families who have received them to survive much better than those who have not.

For Cubans living abroad who support their families, the costs of these transfers are even higher. Money transfers incur exorbitant financial charges. Transfers of goods, whether sent from abroad or delivered in person, are exempt up to 30 kilos. Above 300 dollars, a 100 per cent duty is payable, and up to an authorised maximum of 1,000 dollars, the duty rises to 200 per cent.

The Grupo de Administración Empresarial S.A. (GAESA)

But what is GAESA? The following paragraphs summarise the study entitled 'GAESA: The Thieving State', published by Cuba Siglo XXI and authored by Emilio Morales:

> "Under the guise of socialism, a military oligarchy controls (or, at any rate, has been controlling for the past few years) more than 70 per cent of the economy and 95 per cent of the national finances, whilst the civilian government acts as a mere puppet. Miguel Díaz Canel's government has, in practice, no control over the country's finances. The Central Bank of Cuba… is completely subordinate to and subject to the interests of GAESA… if one were to identify the main party responsible for the inflationary debacle plaguing the country, all the evidence would undoubtedly point to GAESA. The opportunism and control that this entity exercises over the country's finances and economy prevent the implementation of reforms that … would transform the economic model and pull the country out of the crisis … in which it finds itself mired …Measures such as the creation of shops that accept freely convertible currencies, the implementation of the regulation known as the Monetary Reorganisation Programme, the ban on depositing physical dollars into the country's bank accounts, and the launch of the new foreign exchange market triggered, upon their introduction, an inflationary spiral which the government is now unable to halt…Likewise, the appalling management of investments…carried out to suit the convenience and lucrative interests of the GAESA oligarchs, has been another major factor in the country's inflationary crisis. This has left the State itself without resources, as it has watched its most iconic industries and sectors crumble in recent years… due to a lack of financial resources and the absence of an investment policy

> consistent with the country's true needs and strategic priorities. To this fact, which demonstrates the Cuban government's subservience to GAESA… must be added the lack of transparency and the absence of institutional mechanisms to monitor and oversee GAESA's operations."

In addition to all this, GAESA has been controlling a large proportion of the country's foreign currency finances; its revenues have exceeded those of the state budget, operating in parallel with the state and paying virtually no taxes; and, even more strikingly, it has been reported that GAESA holds international assets in its own accounts, outside the control of the Central Bank of Cuba and at the disposal of the Castro-led military commanders who control the company.

The data on remittances comes from a wide range of sources: The Havana Consulting Group, "Cuba Siglo XXI", and international organisations such as ECLAC (Economic Commission for Latin America and the Caribbean) and the IOM (International Organisation for Migration).

The Cuban government was forced to intervene in 2025 to encourage the flow of dollars into Cuba by authorising payments through new intermediaries. The reason for these new interventions relates to the ban imposed by the United States on transactions under Cuban military control.

The large sums from 1991 to 2024

The total value of all imports of goods and services during those years amounts **to approximately 267,000 million dollars.** These purchases have been financed by **revenue from exports** of goods and services (commodities, tourism and the sale of specialised services such as those provided to Venezuela), which have reached **185,000 million dollars. The deficit, therefore, has been 82,000 million dollars.** This has been covered, in part, by **the 50,000 million dollars in remittances from emigrants**. The remainder, around 32,000 million, accounts for the growth in external debt, which has once again risen following the pandemic crisis. Exports of 'services' to Venezuela during this period amounted to $63,000 million.

Without the agreements with Venezuela, the accumulated deficit would not be 32,000 million, but 95,000 million. It is therefore almost impossible for the Castro regime to function without Venezuela, even if Cuba were to obtain oil from Russia or any other country willing to sell it.

VI.
THE LIMITS TO GROWTH IN CASTRO'S CUBA (1959–2026).

All countries with uncontrolled public deficits suffer economic crises that must be resolved. These deficits—these negative differences between public revenue and expenditure—must be paid for in some way. Those unable to borrow through bank financing or other forms of domestic financing must resort to financing that deficit from abroad: **the public deficit becomes debt, whether domestic or external.**

If the country in question has no source of funding, either domestically or from abroad, it has no choice but **to monetise that debt**, for which it turns to its central bank to print all the banknotes needed to cover the deficit. The increase in the money supply leads to rising prices in the country. In this case, the deficit turns into inflation, which significantly reduces the standard of living.

Until **1959, Cuba had a public budget to finance the State**. Its revenue consisted of taxes, duties, tariffs and some extraordinary returns on its investments. Its expenditure covered the wages and salaries of the entire civil service, other costs associated with running the civil service, as well as those arising from maintaining public assets in working order, such as the national electricity supply network or the maintenance and construction of roads, ports, airports and other infrastructure. It also had to pay interest on its public debt and the principal if that debt was due at the time.

When Castro nationalised and expropriated, in various phases, all existing enterprises in the country – and even all the homes and properties of those he allowed to leave the country **– the calculation of the potential public deficit changed radically**.

Public revenue is no longer derived primarily from taxes, duties and tariffs. It now consists of the total sales of all companies in Cuba – because they are all state-owned – sales made domestically to Cuban residents and abroad in the case of exports.

Public expenditure comprises the costs of maintenance, construction or investment, both by the government itself and by all state-owned enterprises – those in the agricultural sector, mining, industry and services. And, of course, the wages of all Cuban workers. And the pensions of all pensioners. And the interest and principal on all the debts of the government and all enterprises.

Public deficits were inevitable. At least in the early years. After that, it would depend on how the enormous 'State-Owned Enterprise Cuba' – into which the whole of Cuba had been transformed – was managed.

Public deficits appeared at breakneck speed, thanks to Fidel Castro.

Firstly, faced with a shortage of food for the entire population, it was decided **in 1962** that every Cuban should be issued **with** a **ration card**. At subsidised prices. The first major extraordinary expenditure. It was specified that this was a temporary measure.

Other extraordinary expenditures. Fidel Castro decided that **1961 would be the 'Year of Literacy',** so that the 23 per cent of the population who could neither read nor write might learn. What was extraordinary was that normal work activities across the entire economy were halted. Much less was produced. **More public deficit.**

In 1968, absolutely all businesses and all services previously provided directly by private individuals were nationalised. Domestic production fell**. And the public deficit rose.**

In 1969, it was decided that Cuba would produce 10 million tonnes of sugar. All productive activities came to a standstill. The administration ground to a halt. Everyone took part. Whether they achieved 10 million or 8 million tonnes was irrelevant. What was damaging for the Cuban state-owned enterprise was that there was a huge decline in national production**. The public deficit grew.**

As far as agriculture is concerned, it is logical that Fidel Castro, an uneducated and arrogant man, was incapable of replacing **the management of the 161 owners of the sugar mills. More deficit.**

As far as **industrial activities** are concerned, it is impossible for them to produce the same quantity and quality of all kinds of products, because, to begin with, both the sugar mills and the industrial factories use American technology and require spare parts from the United States. This was not possible, because everything had been expropriated without compensation and the United States had imposed an embargo on all trade with Cuba. And, unfortunately, that stupid genius, Fidel Castro, was unable to replace the 600,000 businesspeople, professionals and managers from all industries who have left Cuba. Much to the satisfaction of Fidel Castro, who believes that all owners are exploiters. **More public deficit**.

As for the revenue of the 'Cuba State Enterprise', there are also developments that are reducing its income. **The 5 or 6 million tonnes of sugar** that were previously sold to the United States at prices well above market rates came to be sold, initially, at market rates or below, because it is not so easy to convince potential buyers to switch suppliers. **More public deficit**. Until the USSR stepped in with subsidies.

Furthermore, the bulk of exports prior to 1959 were sold to the United States. **Transport and freight costs** were very low. It is a different matter to sell to the USSR, Canada or European countries such as Spain. **Higher expenditure and a larger deficit.**

Nor had **the cost** been calculated **of providing real or fictitious jobs to all Cubans** who had previously worked in sectors banned in 1959, such as tourism and gambling. And all the unemployed were placed in agricultural, industrial or service companies, or within the civil service itself. **More public deficit.**

It is possible that **revolutionary fervour** might have led all employees of the great 'State Enterprise Cuba' to work longer hours and with greater intensity, but without raw materials, without spare parts, and without sound business management (except for Fidel Castro, of course), net losses multiplied**. More public deficit.**

The rise in the public deficit, which is addressed by printing banknotes from the National Bank of Cuba, leads to inflation and another phenomenon: the devaluation of the Cuban currency. In just three years, the exchange rate of the Cuban peso goes from 1 peso to 1 dollar to **3 Cuban pesos to 1 dollar.**

The Balance of Payments

But when it comes to foreign trade, which is recorded in the balance of payments for goods and services, **a new deficit** arises**. Revenue** from sugar sales **declines,** and sales of agricultural products that were previously sold in the United States disappear. And revenue from foreign tourism also disappears because Fidel Castro does not like tourists.

A balance of payments deficit arises**, which cannot be monetised**. To cover this deficit, a country or company outside Cuba must grant loans. This is what the USSR has been doing since 1960. **Such loans constitute external debt,** which must be repaid within the established timeframes (in theory, of course).

With an economy such as the one Fidel Castro has sought to create, balance of payments deficits – external deficits – are inevitable. It would prove impossible for Cuba to generate new exports with an agricultural and industrial sector such as the one described above. In fact, Cuba's exports in 2026 are the same as in 1958, except that it no longer exports sugar because it does not even have enough to meet its domestic needs.

Restrictions on imports. Investment

And the inevitable happens: imports are restricted to just oil, food, medicines, fertilisers and pesticides, and essential consumer goods. And for a few years, until 1986 and 1989, capital goods. But there is never enough foreign currency to modernise industrial plants or to increase agricultural production**. What disappears is investment.**

The USSR went so far as to buy all the sugar that Cuba was able to export at above-market prices and to sell Cuba oil, food and industrial goods at below-market prices. However, apart from raw materials, the other products supplied by the USSR were not the most suitable for Cuban industry.

Furthermore, as we have seen, the USSR granted the foreign loans necessary to cover the external deficit arising from trade with Cuba, which became Cuba's external debt that the USSR demanded repayment of from 1991 onwards.

What the USSR does not do is transfer convertible currency to Cuba, because **neither** the USSR nor the other COMECON members **have any to spare**. In fact, they face enormous difficulties in achieving growth because they are unable to export anything else. Today, Russia sells the same goods abroad as it did 70 years ago: oil, gas, gold and diamonds, which provide the foreign-exchange earnings essential for making the imports needed to keep the economy functioning, albeit at a very slow pace.

What they cannot do is improve their agricultural and industrial production because they lack entrepreneurs and managers, as well as the imports needed to modernise their economy. **Above all, they lack investment**.

The reforms, some of which we have already mentioned, have been aimed at reducing the size of the 'State-Owned Cuba'.

Private ownership of a main residence and a second home is now permitted. These may be sold or transferred by gift or will to legitimate descendants. In 2008, a Land Registry was re-established, in which properties are gradually being registered.

From 1997 onwards, the Central Bank of Cuba was separated from the National Bank of Cuba, which became a commercial bank responsible for recording external debt. Furthermore, three other commercial banks were established, and in 2023, Banco Corporativo was founded. The private banking sector fulfilled its role of granting loans and accepting deposits when the monetary system was reformed in 2021.

In the agricultural sector, there are now farmers with usufruct rights who own their land – subject to area restrictions – and who grow whatever they wish – or are able to – and can sell their produce at market prices in open markets.

The reforms were – finally – accelerated with the effective departure of Fidel Castro in 2013 and his replacement by Raúl Castro. In 2013, Cubans were authorised to leave Cuba freely provided they held a visa for whichever country they were travelling to. For Raúl Castro, emigration means lower public expenditure, more available housing and more remittances from emigrants.

VII.
THE CUBAN ECONOMY IN THE PERIOD 2019–2025

I have tried to ascertain the most important macroeconomic figures for Cuba in 2019, the last year before the onset of the major crisis in the Cuban economy, which began in 2020 with the pandemic, which hit Cuba just as it did the rest of the world. It has proved impossible.

In that year, the official figures showed a GDP of over 100,000 million dollars (according to the World Bank). This was the result of converting Cuban pesos at exchange rates ranging from the official rate of 1:1 to other, unknown rates.

Following the currency unification, to which I refer below, and with retroactive effect, the figure for that year had fallen to 60,000 million dollars. This was the result of applying a rate that is officially 1 dollar to 24 Cuban pesos. An equally implausible figure.

During 2020, **four different currencies were in circulation in Cuba**: **the Cuban peso**, which was used to pay wages and pensions; **the peso convertible into US dollars**, at an exchange rate of 1 US dollar to 24 pesos; **the US dollar**; and **current accounts in convertible pesos**, which were held solely as deposits that could be used to pay for imports. The situation is made even more complex by the fact that state-owned enterprises' accounts are kept in ordinary Cuban pesos, with the exception that, for companies with the relevant authorisation, an exchange rate of 1 US dollar to 1 peso applies, allowing them to pay for imports at this ridiculously favourable rate until at least 2021.

In 2021, the Cuban economy was put on a single currency footing. Everything is accounted for in Cuban pesos, which are converted at the official exchange rate of 1 US dollar to 24 Cuban pesos. Holders of accounts in convertible pesos, US dollars or convertible peso deposits were given a six-month deadline to convert all their accounts into Cuban pesos at the official exchange rate.

The pandemic crisis

In 2020, the pandemic crisis began, a crisis which, for Cuba, was similar to that of 1991 to 1993.

The 2020 crisis affected Cuba more severely than other countries. The external accounts, whilst still in deficit, were in a state of relative equilibrium. That equilibrium was disrupted by the decline in tourism. Remittances from Cubans abroad also fell. Exports of goods also suffered. All of this led to a wider public deficit and, more importantly, to an external deficit from which Cuba has been unable to recover.

As in previous periods, the damage caused by import restrictions affects domestic production of goods and services. Inflation and external debt soar, and the Cuban peso is immediately devalued; domestic prices are adjusted unevenly, with wages and pensions rising at a slower rate than other prices in the economy. Ultimately, this imbalance is intended to reduce the public deficit and imports. This, of course, has a severe impact on the standard of living and real per capita income.

We must not forget that in 1958, one Cuban peso was freely exchangeable for one US dollar. The latest official figure of 455 pesos to the dollar illustrates better than anything else the deterioration of an economy with no prospect of recovery.

Whatever the nominal GDP in US dollars for 2020 may be, there are relevant official figures for the key indicators that explain the situation up to 2024 or 2025.

GDP in 2020 fell by 11 per cent; between 2021 and 2023 it stabilises, before falling sharply again in 2024 and 2025. **The Castro government estimated a GDP of 90,000 million dollars for 2024**, applying the official exchange rate of 1 dollar to 24 pesos**. In 2022, the exchange rate was set at 120 pesos to the dollar. In December 2025,** the official exchange rate was adjusted and set at **one dollar to 455 Cuban pesos.** It is clear that such a devaluation could not have taken place in just four years. However, **the informal exchange rate** at that time was even worse, standing at one dollar to **510 Cuban pesos.**

Using this official exchange rate, ECLAC (Economic Commission for Latin America and the Caribbean) has calculated that Cuba's GDP in 2024 dollars stands at just 12,924 million dollars.

Public deficits and the balance of payments.

The Castro government puts the public deficit for 2020 at 17.7 per cent of GDP; for 2021 at 11.7 per cent of that year's GDP; for 2022 at 11.1 per cent of GDP; for 2023 at 20 per cent of GDP; and for 2024 at 6.5 per cent of that year's GDP. Whatever the annual GDP figures may be, whether in pesos or dollars.

Cuba's trade balance for the years 2020 to 2025, based on official Cuban figures (National Office of Statistics and Information) and estimates from international organisations, is as follows:

	Exports of goods	*Imports of goods*	*Trade balance*
2020	1,685	8,933	-7,248
2021	1,886	10,397	-8,511
2022	1,889	12,003	-10,104
2023	1,583	8,973	-7,390
2024	1,474	8,986	-7,512
2025	1,500 (approx,)	<9,000	-7,500

In millions of US dollars

The balance of services, according to official Cuban data for those years, shows the following results:

	Balance
2020	+ 5,469
2021	+ 6,231
2022	+ 5,840
2023	+ 6,299
2024	no data

In millions of US dollars

The Balance of Payments for Goods and Services under the Current Account shows the following (official) figures:

	Goods and Services	*Remittances*	*Balance*
2020	-1,779	+ 1,703	- 76
2021	-2,280	+ 1,084	- 1,196
2022	- 4,264	+ 2,040	- 2,224
2023	- 1,091	+ 1,972	+ 881
2024	- 1,500 (approx)	+ 1,113	- 382

In millions of US dollars

The Balance of Payments for Services includes revenue from tourism and payments from Venezuela, and, naturally, from other countries that purchased Cuba's military and security services. This official Cuban data has not been verified by international organisations.

The figures for remittances from Cubans abroad shown in the current account balance are much lower than those obtained by other, far more reliable official bodies. The discrepancies are undoubtedly attributable to GAESA.

Even if we accept all this information at face value, the Balance of Payments for Goods and Services would consistently show deficits due to remittances from emigrants, despite the adjustments made by the Castro government during those years to ration cards and the modest increase in wages and pensions relative to the rise in other prices.

Public deficits on the scale of those we have seen above have been partly monetised and partly covered by issues of government bonds which Cuban banks have been obliged to purchase, a process which merely delays monetisation.

The pandemic crisis and the exhaustion of a productive system in which there has been almost no investment since 1991 have resulted in the public deficits we saw earlier.

Returning to the question of **what Cuba's true GDP is in** US **dollars,** the adjustment made by ECLAC seems excessive. However, there is insufficient data to calculate it in any other way.

Just as public deficits have turned into inflation, balance of payments deficits have not disappeared; rather, they have been transformed into external debt denominated in convertible currency. In

2020, external debt stood at 18,900 million dollars; in 2021 – with payments to the Paris Club suspended – it stood at 19,700 million; in 2022 it was 20,500 million; in 2023 it reached 23,000 million; in 2024 it reached 25,000 million; and in 2026 it has reached 28,000 million.

The 28,000 million in external debt in 2025, compared with a GDP in dollars for that year (at an exchange rate of 455 pesos to 1 dollar) of 12,924 million dollars, brings **external debt up to 216 per cent of GDP in 2025.**

Per capita income

As regards **per capita income**, **the calculation** varies significantly depending on whether GDP is higher or lower than the 12,924 million used in ECLAC's calculation.

All that remains to be determined is Cuba's population. But here we encounter another statistical discrepancy. The Castro government has maintained, until recently, that Cuba has a population of almost 11 million. In reality, according to demographic experts, the actual figure could be between 9 and 8.5 million. The government has finally acknowledged that Cuba's population at the end of 2024 stood at 9,748,000.

If we take into account that, apparently, between 200,000 and 250,000 people are leaving Cuba each year from 2020 to 2025, the population could in fact be lower than that figure, at around 9 million. On this basis, a GDP of 12,924 million would result in a per capita income of 1,380 dollars. If GDP had been, for example, 28,000 million, per capita income would have stood at 3,111 dollars.

Another way of analysing per capita income is to examine how the quantities and prices of the products included **in the ration book** have changed**.** The ration book – 'la libreta', as Cubans call it – still features subsidised prices, but quantities have been reduced, and essential products such as meat and eggs have disappeared from it. In response to protests by Cubans over inflation and changes to the ration cards, decisions have once again been taken that break with the 2021 policy of monetary transparency**. Consequently, maximum prices have been capped for the most important foodstuffs in both official and free agricultural markets.**

From 2020 to 2025, Cuba's GDP, according to official statistics and those of ECLAC, has fallen by between 15% and 20% in real terms. GDP since 2020, in current pesos, has continued to grow, however, because **inflation has stood at around 30% per annum.**

In 2024, the Cuban government's National Office of Statistics and Information (ONEI) reported that the GDP for that year in constant terms (excluding inflation) stood at 50,693 million Cuban pesos. That year, the official exchange rate was 120 pesos to 1 US dollar.

We do not yet have official figures for 2025. However, a real fall of 5 per cent in GDP has been reported. On that basis, Cuba's official GDP would have been 47,500 million constant pesos. But in December 2025, the government had to adjust the official exchange rate to 455 pesos to the US dollar. Obviously, at the unofficial exchange rate for March 2026, which now stands at 515 pesos to 1 US dollar, both GDP and per capita income are even lower.

For anyone who wants to know more about Cuba's per capita income, I recommend Leonardo Padura's book, *Death in the Sand*. It is a novel that weaves in the history of the Castro regime. A drama centring on three families and a few friends during the years of the Castro regime. There is not a single reference to Cuba's domestic or foreign policy, nor to its economic policy, political repression or dissidents. It merely recounts the hardships faced by these three families, whose grandparents were socialists or Castro supporters, but whose parents eke out a meagre living as doctors, teachers, writers, civil servants or santeros. What they do, however, is describe how Fidel Castro's major decisions – whom, I believe, is mentioned only once – have affected them since the revolutionary offensive of 1968, with the nationalisation of even the smallest general stores, the '10-million-tonne sugar harvest', the war in Angola, the alliance with the communist countries of Europe, the exodus of Cubans, and the break with Gorbachev. *De Mariel* recounts how every Cuban who wanted to leave – having paid an unimaginable sum – was forced to take four criminals or mentally unstable individuals aboard their boat. All of Fidel Castro's major decisions are described as absurd and harmful. Two of the families in survive thanks to remittances from their daughters – one lives in Florida and the other in Barcelona. The third lives in abundance because their son is a *santero* who predicts the future and thereby makes a fortune.

The education system is not spared either, where only those loyal to the regime succeed. The only praise Leonardo Padura offers for the Castro regime is the elimination of racism. His example is a black man, a friend of the families, who is a nuclear physicist but now ekes out a living as a gardener for the fortune-teller's family. Most members of these families and their friends find solace for their sorrows only in love, sex when they can find it, and alcohol, when they can get hold of it.

VIII.
THE AGONY OF THE CASTRO REGIME

A country with the figures we have seen since 2020 regarding public deficits, inflation, the balance of payments deficit, external debt, GDP and per capita income is a country in its death throes which, moreover, is losing more than 200,000 people a year – now predominantly people aged between 20 and 40, with vocational or university qualifications, which further complicates the future of the economy.

Maduro's abduction means the end of the agreement with Venezuela, which has brought in an average of 2,520 million a year, although the figures have probably been higher than the average in recent years.

With Cuba's balance of payments down by 2,520 million dollars a year, this means that deficits – excluding remittances – would reach 4,000 million dollars a year. And the decline in tourism, a reality since 2020, has worsened significantly since Maduro's abduction, due both to the oil shortage and to the power cuts and resulting insecurity. If, instead of bringing in $2,000 million a year from tourism, the figure falls to between $500 million and $1,000 million, Cuba's balance of services could shift from surpluses of between $5,000 million and $6,000 million in 2024 to one of just $2,500 million to $3,000 million. The deficit in the balance of goods and services could be between 4,500 million and 5,000 million dollars a year.

It seems unlikely that anyone could finance Cuba to such an extent.

Once again, the only solution is to drastically reduce imports, which are currently essential for sustaining agricultural and industrial production**. Reducing imports from current levels will result in a famine similar to those affecting African countries.** Even if the United States allows oil imports – which Russia might be willing to take on – a decline in real GDP is already inevitable.

The only solution is the end of the Castro regime and Cuba's return to a market economy, with a constitution such as the last one of 1940, at the very least, in which it is made clear that democracy and private property are respected.

Raúl Castro's supporters believe they have made great strides in curbing the excessive power wielded by Fidel Castro until his death, but the 2019 Constitution betrays them. That latest Castro-era Constitution states that "private property, foreign joint ventures and the existence of markets are recognised" as components of the Cuban economy "under state control".

But it also states that "the Republic of Cuba declares itself to be Marxist and Leninist", "irrevocably socialist", and reaffirms that "capitalism, in which man exploits man, will never return".

And this is said by those who have exploited the Cuban people, sending them to wars they did not understand and to doctors called upon to work in almost always inhospitable conditions— —receiving poverty wages in return whilst the Castro regime earned substantial amounts of foreign currency from these tasks.

VIII.
FINAL REFLECTIONS

After 66 years of Castroism in politics and economic policy, a number of conclusions can be drawn.

1. The length of time a society has spent under a communist dictatorship affects its prospects of successfully achieving a political and economic transition to become a free society. The Castro dictatorship has now lasted 66 years. The USSR collapsed after 72 years, communism in the countries of

Eastern Europe after 45 years, and China's communist economic system after just 25 years.

Deng Xiaoping's economic reforms were introduced rapidly. They were successful largely because the habits of a market economy had not yet been lost.

The collapse of communism in Eastern Europe was more traumatic, but it was achieved without excessive problems. This was partly because those communist countries had been colonies of the USSR, annexed between 1940 and 1946.

The changes in the USSR have been far more difficult. After 72 years, the habits of living in freedom, of taking risks and of being economically independent had been lost. Most people's lives had been shaped by fear, the deception of the five-year plans, the black market, theft and the power of organised crime.

In Cuba, the years that have passed could make the transition to a market economy more difficult because the customs are similar to those of the USSR, but the influence of Cubans who have left the country – now numbering over 2.5 million – and the financial support they send to their families still living in Cuba have become a constant reminder that there is a normal world where, through work, one can make a living, save money, be independent and even support one's family.

2. From 1959 to 2026, there have been annual public deficits which have led to inflation and devaluations of the Cuban peso, as well as balance of payments deficits that have caused an unstoppable rise in external debt denominated in convertible currency.
3. Between 1959 and 2015, external debt rose from 0 to 53,000 million dollars. Between 2016 and February 2026, external debt increased once again, from 15,000 million in 2015 to approximately 28,000 million dollars in 2026.

   In total, from 1959 to 2026, Cuba has accumulated 66,000 million in external debt.

   In terms of GDP, this represents more than 500 per cent. Castro's Cuba managed to avoid paying interest on the initial

53,000 million and made only token interest payments up to 2026. The principal of the external debt has never been repaid.

4. There have never been any savings in the Castro regime's public accounts to maintain, improve or modernise industry, agriculture and infrastructure. The few savings that do exist have been channelled into tourism, although the bulk of investment in the hotel sector has been borne by foreign investors.
5. The best evidence of the limitations of the Castro economy is to compare Cuba's exports in 1958 with those of 2025. The same volume of goods is sold abroad in both years , except that sugar has disappeared. However, even today's dollar earnings from exports of goods are similar to those of 1958.
6. Over this extremely long period, the Castro governments have never set out to improve the standard of living of their people. In fact, that standard has been deteriorating since 1959, the first year of the Castro regime, right up to the present day.

   The sole objective has always been the survival of the regime and the mafia surrounding the Castro family.

   It is worth recalling that both the International Monetary Fund and the World Bank have assisted the vast majority of countries around the world with soft loans and refinancing. The Castro regime has never considered this option for reform, as it would mean subjecting its management of the economy to audit and public scrutiny.
7. During the 66 years of the Castro regime, first the USSR and the communist countries of Eastern Europe propped it up for the first 32 years with subsidies and unpaid foreign loans, and subsequently the drug-trafficking regime in Venezuela did the same for a further 25 years and 2 months.

   The Castro regime received no foreign aid of this kind for just nine years. And it nearly collapsed. In fact, all reforms – such as the recognition of private property and limited freedom to become independent of the state – were carried out without any real conviction.

Without Venezuela, and with restrictions on GAESA's activities in oil, tourism and remittances from Cubans, the regime's survival becomes vastly more difficult.

8. The policy allowing people to leave Cuba, introduced in 2013 by Raúl Castro, was not an act of benevolence. It was a recognition that the Castroist economy would never recover and that, consequently, the regime did not mind losing skilled labour. Cuba's population has fallen from almost 11 million in 2019 to just around 9 million in 2024.

   The Castro regime has learnt from Venezuela that, even with 8 million people leaving the country and an 80 per cent reduction in oil production, the Bolivarian regime could survive.

   The Venezuelan mafia, trained by the Castro regime, has shown no concern for the standard of living of those still living there. Protests by the population have so far been met with increasing political violence.

   Raúl Castro and his inner circle seem determined to force a further 2 or 3 million inhabitants to leave Cuba, in the hope that, together with those already living abroad, they will be able to fund the pensions of an ageing population through remittances. This is on the assumption that the national GDP will continue to decline.

   For all these reasons, it is a humanitarian duty to support the United States' policy aimed at bringing the Castro regime to its knees. DOWN WITH CASTRIST CUBA!

CONFLICT OF INTEREST

The author declares that he has no conflict of interest.

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numerical data, statements and legislation, are taken from the book *Cuba: Economy and Power (1959–1980)* by Alberto Recarte, published by Alianza Universidad.

(2) List of industrial projects financed by the USSR. Pages 157–159 of the author's book.

(3) The Paris Club does not officially publish data on this type of agreement, nor does the Spanish government. However, the figures have been corroborated following their publication by the media in member countries. Of particular relevance is the article by Daniel Munevar dated 7 January 2016, entitled "What lies beneath the agreements on the debt with the Paris Club and other creditors?".

(4) Data from Cuba's National Office of Statistics and Information. The Economist Intelligence Unit (EIU) estimated the total external debt at 30,000 million dollars, by adding to the 'outstanding debt' the amounts owed to the Paris Club and countries such as China, Russia and Venezuela. As stated in its 2017 'Cuba Country Report'.

(5) The article "The Fall and Recovery of the Cuban Economy in the 1990s: Mirage or Reality?" by Ernesto Hernandez-Catá, published by the IMF in 2001 under the title "IMF Working Paper (WP-01-48)".

(6) The data are from ONEI, the World Bank and the WTO (World Trade Organisation), with information from Cuba's trading partners.

(7) Data on remittances comes from a wide range of sources: The Havana Consulting Group, "Cuba Siglo XXI", and international organisations such as ECLAC (Economic Commission for Latin America and the Caribbean) and the IOM (International Organisation for Migration).

(8) Data from ONEI and reports by the World Bank and "Tourism Analytics", which updates data on tourism in Cuba in its "Cuba Tourism Statistics" section. The original data always comes from ONEI.

(9) Data from ONEI, the World Bank and the report by the Cuban Ministry of Economy to the National Assembly at the end of 2025.

(10) Data from ONEI, ECLAC and the World Bank.

(11) ONEI does not publish a breakdown of remittance data within 'Net Current Transfers'. However, the general view is that the largest proportion of these transfers consists of remittances from emigrants.

Data on remittances in cash and goods come from a wide variety of sources: The Havana Consulting Group, 'Cuba Siglo XXI', ECLAC and the IOM (International Organisation for Migration).