

WHEN THE FLOW OF OIL STOPPED: CUBAN EXPERIENCES

How the crisis called the “special period” affected Cubans after the collapse of Socialism in Eastern Europe is the focus of reflections upon those times by Cuban engineer Fernando Martirena, a founder of CIDEM, with Swiss architect Kurt Rhyner, a founder of Grupo Sofonias, both key players and motors of The EcoSouth Network.

In celebration of its 20th anniversary EcoSur will publish their reflections as a series on their website.

2 – SPECIAL PERIOD

by Fernando Martirena

The impacts of a sudden and massive cut in oil and energy supply to a country like Cuba is a situation that could eventually become a flash forward for developed countries that will face “peak oil” in the near future. For Cuba the cut happened suddenly with the fall of socialism in Eastern Europe, which series of events was a surprise and a shock for the entire world. While it will be for different reasons and from different causes, the end of the supply of oil is on the horizon. Countries can plan for the future.

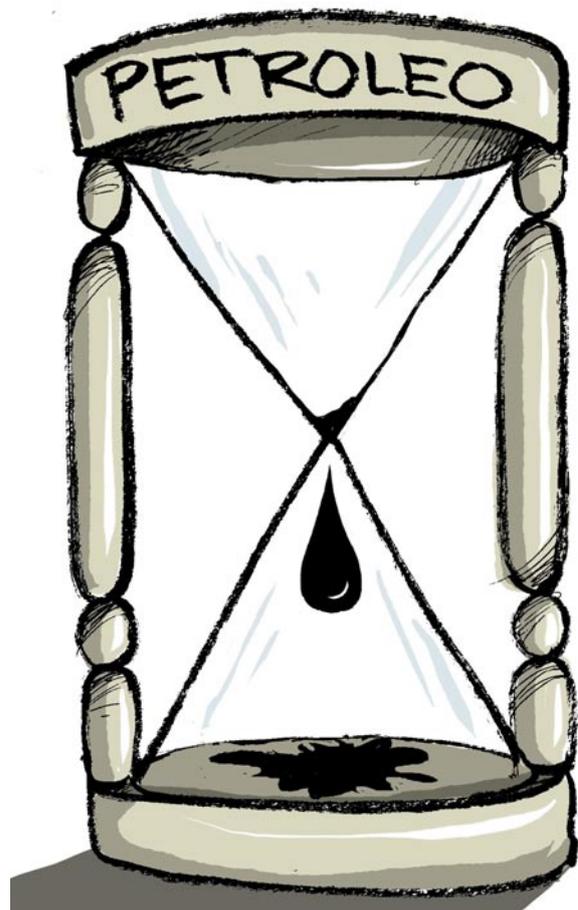
The collapse of socialism in Eastern Europe at the end of the 1980s suddenly cut the stream of resources funneled into the Cuban economy, especially cheap oil. This event, in the context of a more tightened US blockade, drove Cuba into the worst economic and social crisis of its recent History, known as the Special Period in Peace.

In the worst moment of the crisis, the Cuban government decided to “go green”, that is, to acknowledge that preserving the environment should be a high priority in the new development model. A legal framework for the protection of the environment obliged all players in the economy and society to protect the environment.

The shortage of resources prompted a wave of decentralization that placed the municipalities in the center of local development. Local initiatives like urban agriculture, the program for the production of “low energy consumption materials”, and the forum for spare parts became milestones of decentralization and

made a great contribution to the society, thereby helping Cubans to cope with the crisis.

The crisis hit all sectors of society. The oil dependent industrial model established during 1959-1990 collapsed with more than 50% cut of the oil supply. The government, however, chose to maintain all social achievements, especially in the area of education, social security and health.

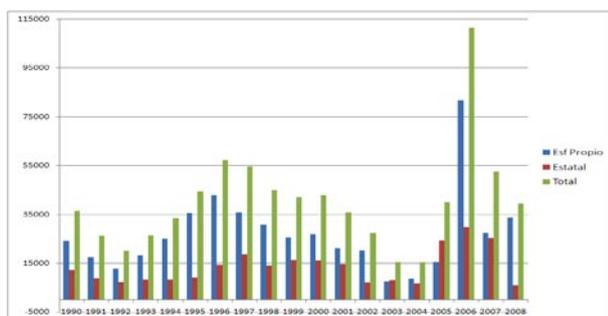


The public transport system was severely affected by the shortage of fuel and almost disappeared. Creative initiatives were introduced to compensate the lack of transportation and the few vehicles available were used more efficiently. Bicycles were imported and widely used. Thanks to this, many Cuban industries could keep their workforce at their workplaces even in the deepest point of the crisis.

The economic reforms approved during 1993-1997 created the legal framework to shift from oil dependent industrial production to a decentralized, open to the world, and less oil dependent production model. These economic reforms made a great contribution to heal the problems of the Cuban economy, and were one of the reasons why Cuba survived this deep crisis.

The changes in the agriculture sector to cope with the shortage of resources prompted a shift from the traditional Cuban diet of rice and beans and pork, to a healthier diet of fish and vegetables. Thanks to these initiatives, the Cuban people could ensure something to eat at their table at the end of the day.

The industrialized infrastructure created to produce and build houses collapsed soon after the crisis began. Alternatively, a decentralized program for local manufacture of materials and construction of houses through self-help schemes contributed toward keeping the Cuban housing program afloat. This system yielded production records in 1996.



Fuente: Instituto Nacional de la Vivienda, Cuba.

The collapse of socialism in eastern Europe

During the second half of the 1980s dramatic changes occurred in the Soviet Union. Events like the so-called “Perestroika” and “Glasnost” triggered a series of popular protests in several socialist countries in Eastern Europe that ended

up in uprisings to overthrow the governments in various countries. In October 1989 the fall of the Berlin Wall marked the assimilation of the former Democratic Republic of Germany (known popularly as East Germany) into the Federal Republic of Germany, and through this historic decision the country was again united.

The situation in the Soviet Union also quickly deteriorated. Revolts initiated in the Baltic Republics rapidly spread to the rest of the Union and in 1990 the Parliament of each of the 15 Soviet republics had issued resolutions demanding control over their own territories. Russia, led by President Boris Yeltsin, as well as the Ukraine, placed President Gorbachev under great pressure. On the 12th of June of 1990, seven decades after Lenin created the republic of the soviets, Gorbachev initiated a process to progressively redistribute the federal power among the community of ex-soviet republics.

The instability in the Eastern European countries, and especially the Soviet Union, was reflected in Cuba as well. Some negative trends and deficiencies in the economy and society had become visible in 1985. In 1986, Fidel Castro made an appeal to initiate a process to rectify errors that could slow down the economy and could deform the main principles of the Cuban Revolution.

The disintegration of the Soviet Union and the disappearance of socialism in Eastern Europe had been observed by Fidel Castro since July 1989 and the great achievements in health, education, social security and employment through the support of the Eastern European countries -estimated in \$US 65,000 millions- were jeopardized. Thus the concept “Special Period in Peace” (*Período Especial de Paz*) was coined, and the country began to prepare for this situation. The IV Congress of the Cuban Communist Party pronounced for “saving the Fatherland, the Revolution and Socialism”. Several aspects of the Constitution were changed during this period and the strategy of the country to resist and further continue to develop was established.

Simultaneously the siege of the USA tightened: The Torricelli Act, approved by the USA Congress in 1992, gave the President of USA authority to penalize countries that have trade relationships with Cuba. Further, The Helms-

Burton Act approved in 1995, established yet tighter constraints to foreign enterprises having commerce with Cuba, and legalized the support of the USA government to dissident groups inside and outside Cuba that were often engaged in illegal and sometimes terrorist activities.

Cuba was at its worst political and economic moment in its recent History. A definitive and historical speech marked the beginning of an era of deep structural changes in the country. Before the National Parliament on December 27th, 1991 Fidel Castro reckoned: “The situation that we are facing forces us to be very clever. We cannot talk openly here of tactics or scenarios, but I do say that we have to study a specific scenario for each eventuality, and we must know what to do in each situation and how to do it” (*La situación que afrontamos nos obliga a ser muy inteligentes. No podemos aquí hablar abiertamente de tácticas o de variantes, pero sí digo que tenemos que estudiar para cada cosa su variante y saber bien qué debemos hacer en cada situación y cómo hacerlo*).

The cut of energy supply

The collapse of socialism brought about an unprecedented crisis in Cuba. During the period 1989-98 alone, the country lost 75.6% of the import capacity, and 78.9% of the export capacity. Oil was one of the critical imported goods that was dramatically affected: from 13.3 million tons imported in 1989, only 5.5 million tons were received in 1995, 40% of the amount needed normally to keep the economy and the society moving.

The shortage of energy had a strong impact on all sectors of the economy, especially industry and agriculture. The country paid a high price for having created an energy-dependent economy: industries such as cement and steel were obliged to drastically reduce their production (cement (72%), steel (69%). Food production also was severely reduced (cereals (61%), milk (57%), fisheries (51%). The sugar industry, the country’s flagship industry and main sources of foreign income, decreased production to 44%.



Finances were also severely affected. Through the drop in production the local markets were under-supplied with products. This triggered a rise in availability of cash from 21.6% to 73.2%, which activated a hyperinflation -estimated as 200%- especially for prices in the informal market. The Gross National Product (GNP) decreased 34.8%, the greatest drop in a four-year period in Cuba’s History, and internal investment plunged from 26.7% to 5.6% of the GNP).

However, the government chose to maintain the social services at all costs. In a speech before the Parliament Fidel Castro said “See how we have been able to maintain all schools and hospitals operating. See that even in this year –when we have received so many few millions, the children’s mortality is in the same range as last year... “ (*Vean cómo, incluso, este año, en el que hemos recibido miles de millones menos, la mortalidad infantil está más o menos en el mismo nivel que el año pasado*).

A huge program to encourage saving was launched to avoid producing an economic shock to the population with a sudden increase in prices. Fidel Castro said “The Revolution has tried not to raise the prices, because elevating the price of electricity affects those with less income” (*La Revolución ha tratado de evitar subir precios, porque subir el precio de la electricidad afecta a los de menos ingresos*). The economic cost was that fiscal deficit sky rocketed from 7.3% to 33.5% of the GIP, since the state-owned enterprises had to undertake great economic losses in order to be able to maintain the resources allocated for the social services. This governmental decision was really heroic and praiseworthy, especially in those uncertain times.

Despite the government's efforts, the above-described changes had a dramatic impact on the population, which barely had time to adapt to the drop in their living standard. It was as if the floor under one's feet had been sawn away. Most people were forced to change their life styles; some had to quit their jobs, others had to change their diet, many lost their otherwise good purchasing power and comfortable life. Goods in the stores became scarce; constant power failures were a continuous cause of annoyance, and transportation became a nightmare.

Life on the 19th floor

Kurt Rhyner

A friend of mine lived in an apartment with a beautiful view of Havana and its Bay, on the 19th floor. For many years she was able to enjoy this privilege. But then came the "day after", electricity generation was reduced because of oil shortages and there was no more reliable elevator service in the building. My friend's commentary was: I do not mind walking the 19 flights of stairs; it is good for my health. But I sure hate to carry my 25 kg bicycle up and down those stairs!

Of course, the building had no provision for a bicycle room...nobody had foreseen this new development. After a few months enterprising people set up the first cycle parks in their houses and back yards, and soon after you could park your bike safely in guarded places all over town for a small fee.



Foto by Pako Luke

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