

Elite Competition and Economic Reform in Cuba and Vietnam: A Comparative Study of Policy Legitimation

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Abstract: Cuba and Vietnam, as survivors of the Cold War entered the post-Soviet Era with a myriad of economic woes. These eventually served as incentives for these countries to implement economic reforms that bolstered not only their economic performance, but also the survival of their respective states. However, due to variations in the dynamics of elite competition in these cases, their respective reform programs differed in consistency and their outputs differed in attributes. This is especially true for Cuba and Vietnam wherein the former, initiating market reform programs as early as 1970, experienced two policy reversals during the 80s and the 90s. The latter on the other hand started market oriented reforms on 1981, experienced a failed reversal attempt on 1985 before implementing the *Doi Moi* reform program of 1986. For this reason, this paper posits the question of what will account for the distinctions (Consistency and Outcome) in the market oriented reform programs of Cuba and Vietnam. Because these cases were sandwiched between pressures coming from economic crises and the legacies of their respective revolutions, this paper contends that the answer lies in the structures that have determined the outcome of elite competition. Thus, this paper argues that the structure of elite competition—that is, the distribution of power that reveals itself through policy legitimation—has defined the consistency and characteristics of market oriented reforms within socialist countries in transition.

Keywords: Cuba, Market Reforms, elite competition, Vietnam, socialist countries in transition, policy legitimacy

As survivors of the Cold War, Cuba and Vietnam entered the post-Soviet Era tied to a myriad of economic woes. Pressure from these issues served as incentives for the governments of these countries to implement economic reforms not only to bolster their economic performance, but also to ensure the survival of their respective states. However, due to variations in the dynamics of elite competition in these cases, their respective reform programs differed in consistency and their outputs differed in attributes. On one hand, Cuba initiated reform programs as early as 1970 but experienced two policy reversals during the 80s and the 90s (Corrales, 2004; Cruz & Seleny, 2002; Hamilton, 2002; Perez-Stable, 1999; Rosenberg, 1992), while on the other hand, Vietnam started market oriented reforms on 1981, experienced a failed reversal attempt on 1985 (Masina, 2006; Stern, 1987) before implementing the *Doi Moi* reform program of 1986 (Cima, 1989; Mai, 2004; Masina, 2006).

Concerning the economic systems that came out of these cases' respective reform programs, this paper will examine their policies towards the establishment and utilization of market mechanisms as well as their approach to foreign direct investments (FDI). Cuba, which started implementing reforms on FDI in 1982, created a bifurcated economy wherein foreign related firms are separated from the domestic economy via strict controls on the hiring processes for Cuban workers and other regulatory mechanisms. This approach created an imbalance between protection and openness (Brundenius, 2002 Cruz & Seleny, 2002; Mao, 2007). On the other hand, Vietnam's policy towards FDI, though sharing the same goal of protection, was not configured to totally isolate its domestic economy from the effects of the inflow of foreign capital. Thus, unlike the bifurcated economy of Cuba, Vietnam was able to strike a balance between openness and protection from foreign capital mobility (Mai, 2004; Ha & Thanh, 2004; Vo, 1992).¹

This paper asks what will account for the distinctions in the consistency (the success or failure of policy reversals) and attributes (alignment of content with ideological justifications) of the policies produced by the market oriented reform programs of Cuba and Vietnam. Due to the fact that both of these reform programs were driven by governments within the context of economic crises that threatened the security and legitimacy of their respective states, this paper posits that the answer lies in the structures that have determined the outcome of elite competition driven by pressure coming from economic necessities combined with the legacies of the popular revolutions that placed them in power. To put it simply, the context of pressure emanating from the clash of economic crises and the legacies of popular revolution, processed through elite competition tied with the struggle for policy legitimacy within the political arena, have determined the characteristics of elite contention in the policy process. For these reasons this paper argues that the structure of elite competition—that is, the distribution of power that reveals itself through policy legitimation—defined the consistency and characteristics of market oriented reforms within socialist countries in transition.

Socialist countries in transition are usually portrayed as being driven by practicality, but as would be elucidated later on, the situation or more specifically their market reform programs is better portrayed as a result of the struggle between economic necessities and the demands posited by the legacies of their respective revolutions. Moreover, this paper, by focusing on the issue of legitimacy is a contribution to this area of policy studies. However, it must be noted that it is not the concern of this paper to verify the current legitimacy of national elites and the reform programs in Cuba and Vietnam. Instead, this paper will look at the struggle for legitimacy since this should be considered as vital for the establishment and maintenance, not

only of political and economic policies but of entire systems. For the purposes of this paper, legitimacy is but a goal and what will be tackled and will serve as the center of discussion is how political actors compete for it. Regarding the limits of this paper, it will focus on elite competition at the national level without taking into account the relationship between national and local elites. Furthermore, the time frame of this paper's analysis will be from the 1970s to the early 1990s since this period could be deemed as vital to the market oriented reforms of these two cases.

The primary objectives of this paper is two-fold, namely to provide an elaboration of the relationship between elite competition and economic reform in socialist countries in transition, and to explore and theorize on the role of policy legitimation as an intervening variable.

METHODS

Both qualitative and quantitative pieces of data were used to reconstruct the narratives of the reform programs within these cases. To be more specific, quantitative data was used to illustrate the objective economic conditions that decision-makers in Cuba and Vietnam faced from the 70s to the 90s, while qualitative data ranging from policy declarations, legislation, and the narratives produced by previous studies will be used to reconstruct the events surrounding economic reforms in these cases. Also, the discussion of each case will begin with a description of the structure of elite competition before moving on, first to a historical reconstruction of how elite competition took place within it, then to an examination of how policy legitimation played its role as an intervening variable.

This study used a Most Similar Systems Design as its comparative method, and the following are the control variables used to facilitate comparison and cite the factors that affected reform in these cases. First is that

both Cuba and Vietnam are dependents of the former Soviet Union (Leogrande & Thomas, 2002; Masina, 2006) and hence, both cases faced economic problems during the latter part until after the Cold War period. Second and in relation to the previous factor, these cases also faced the political necessity of revitalizing their respective economies to address economic problems during their association with the Soviet Union and after the fall of their core (Edelstein, 1995; Cima, 1989). Third, regime and policy legitimacy within these cases are based upon the victory and the institutions established by their respective popular revolutions and for this reason, the legacy of revolution is still an important factor to be considered in the development and implementation of economic reform within these cases. As would be discussed later on, the sources of policy legitimacy still revolves around the necessity of being more or less aligned with the doctrine established by popular revolution; if not justified by interpretations of it. The communist parties of Cuba and Vietnam remain highly visible in the economic affairs of their countries (Perez-Stable, 1999; Rosenberg, 1992), and in relation to this the governments of both Cuba and Vietnam have explicitly declared their loyalty to Marxism-Leninism, thus, giving this ideology a niche in their economic policies.

Lastly, due to the experiences of countries within the former Soviet Union and socialist Europe, these cases explicitly adopted a gradualist approach towards market reforms. This strategy not only prevented the adverse effects of rapid economic liberalization, but also allowed much space for debate in the policy process especially among national elites due to democratic centralism. Despite these similarities in their political economic conditions, Cuba experienced reform reversals/rectification campaigns while Vietnam's experimentations eventually led to the *Doi Moi* reform program of 1986 after a failed attempt to reverse their policy thrust. Regarding this paper's unit of analysis, in order to properly

capture the dynamics of elite competition, the individual was chosen as an apt unit, however, focus was given on the activities of these elites in relation to others. Finally this paper will be limited to the analysis of policy formation.

REVIEW OF RELATED LITERATURE: THE POLITICS OF ECONOMIC REFORM

The Ideal and Practical Dimensions of Legitimacy

From its review of literature, this study argues that legitimacy should be understood as having both ideal and practical dimensions that are intertwined with one another; that is, the former is utilized through the latter while the latter secures that former's dominance in the political arena. In Beetham's (1991) work, *The Legitimation of Power*, these two dimensions were established through the two main components of his framework. First is that from a social scientific perspective, legitimacy must be analyzed always as legitimacy-in-context, or to put it simply, legitimacy must be assessed in relation to the conventions of a particular society. Second, in arguing that legitimacy is multi-dimensional, he cited three dimensions for legitimacy, first is that it conforms to established informal and/or formal rules, second is that these rules could be justified by reference to beliefs shared by the dominant with their subordinates, and lastly consent is expressed by the governed. To put it simply, legitimacy must be expressed in both ideal and concrete/practical terms. However, to move out of the legalistic boundaries of this conceptualization, this study notes that the government's relationship with society could also be measured from a normative perspective.

In an examination of legitimacy, Stillman (1974) defined it as "the compatibility of the results of governmental output with the value patterns of the relevant systems" (p. 45), or a government could be considered as "legitimate when it protects and enhances the values and

norms of its citizens, when it preserves and expands their culture, and when it behaves itself in foreign affairs" (p. 48). He elaborated his proposal by dissecting the vital parts of his argument and the first one is the value pattern of the society or relevant systems which he defined as the generalized criteria of desirability. Stillman (1974) said that it is the "specification, ranking, and ordering of that which the society esteems and seeks, in a world of scarcity where there are limits and costs to what can be esteemed, sought, and obtained" (p. 40), and like the value systems of individuals and societal sectors, the value patterns that governments must take into account are not static, and subject to change, thus making legitimacy as something that fluctuates and moves in a continuum instead of being dichotomous. Second are governmental outputs which he collectively defined as any action by the government that has an effect on relevant systems. Third is the idea of compatibility as a factor that "assures the maintenance and continuation of the society" but "does not require that the results of governmental output be exactly congruent with the value pattern of the society; but...that the results must be within a certain range of deviance from the existing social value pattern" (Stillman, 1974, p. 41). From this it could be said that government policies, in order to gain legitimacy need not satisfy actual or immediate material needs but would gain much if it will make promises that it could fulfill; propagating value patterns that could link a distinct set of values expected and espoused societal forces with the interests of the government.

One implication of this definition is that legitimacy is a desirable property for the government and societal actors; that is, as a socio-psychological condition, it could decrease the costs of transactions between the government and the society, thus allowing the government to acquire a fluid policy-making process that will not disrupt the sense of security of societal actors in relation to their value patterns (i.e. the primacy

of change as a value in revolution being aligned with massive reform programs). Moreover, legitimacy is also better viewed as a product of politics, of elite competition, than something based on the crystallization or institutionalization of ideological convictions via the alignment of value patterns. Second is that legitimacy must now be viewed as varying in a continuum instead of a dichotomy between what is legitimate or illegitimate. This is because as was argued by Stillman (1974), “systems need not have the same characteristics as their components, because societies are diverse, the results of governmental outputs may be compatible with the value pattern of one system but incompatible with the value patterns of other systems” (p. 42). Lastly, it is now necessary to find a factor beyond the continuum that could be used to analyze and measure legitimacy. This factor, cited by Beetham (1991) is the public expression of consent and the succeeding section will provide an elaboration on this subject-matter.

Mechanisms for Legitimation

This paper cites two mechanisms that could be used to gain and maintain legitimacy. First is the formation of collective meanings/representations that could direct the loyalty of those within the ideological sphere towards a certain economic system. Trentmann (1998), in an examination of the hegemony of Free Trade in 19th century England, stated that “the survival of free trade can be conceptualized as a convergence of ideas about liberal politics and society sufficient to generate collective allegiance and action” (p. 235). Furthermore, with the idea of citizen-consumer at the center, “public argument and political action concerning trade were embedded in a cultural web of associations and narratives that tied free trade to national liberty, social justice and international peace” (p. 228). Another important point made by Trentmann (1998) is that a collective meaning/representation is something created and propagated by elites. From this, and

based on the reality that elites have a measure of heterogeneity that could cause conflict, it could be deduced that hegemony and legitimacy is a product of conflict between contrasting collective meanings, or using Stillman’s (1974) framework, of competition between different elites fighting for different value patterns and the policies that will go with its realization. In specifying the mode of presenting and imposing a dominant value pattern in policy legitimation, this paper focuses on one of the mechanisms of adaptation cited by White (1986) in his examination of legitimacy in communist states.² Associational incorporation according to him refers to “the role played by bodies such as trade unions, people’s control committees, and police auxiliaries in linking the population with the regime, channeling political energies within established institutions, and absorbing demands that might otherwise assume an antisystemic form” (White, 1986, p. 477). This is reflective of one of the dimensions of legitimacy cited by Beetham (1991) in a later work, specifically the necessity of public expressions of consent.

Second, linked with the formation and propagation of collective meanings/value patterns is the institutionalization of charismatic leadership. Using the case of post-Mao China, Robinson (1988) described how Mao’s successors, accepting the legitimating importance of their predecessor’s cult of personality, institutionalized Mao Zedong Thought first by separating the man from his ideas, then filtering Maoist thought by giving much emphasis on policy flexibility without thoroughly diluting its call for activism. According to Robinson (1988), the debate and political declarations during the Dengist era revolved around Mao Zedong Thought as a bridge to popular appeal, and a factor of legitimation for market oriented reforms. Looking at the two mechanisms cited above, it could be deduced that both legitimacy and the process of legitimation have ideal and practical expressions; the former refers to values

while the latter refers to the public expression of consent to a dominant value.

Elites and Economic Reform: Policy Legitimation

To further understand the link between policy legitimation and elite competition, it is necessary to examine how elites are conceptualized as a factor affecting the policy process. Kautsky (1969), in a study regarding elites in modernizing countries, drew attention on two factors linking the attributes of the ruling elites and economic development through industrialization, and on the differences among elites. He stated that the type of leaders (the attributes of the ruling elite) could either hinder or facilitate modernization or that modernization itself could provide opportunities for the creation of new elites.³ To substantiate these, he further argued that there are two types of elites in a modernizing regime, first are the revolutionary elites and second are the managerial elites; with the former posited as a hindrance to post-revolutionary modernization activities, and the latter as a necessity for the establishment of an industrial economy. Moreover, and this is vital for this paper, Kautsky (1969) argued that even though both are striving for the legitimacy of a modernizing revolution, elite conflict would arise from the struggle between two, usually contrasting paths to development; a circumstance that is especially true for current socialist countries in transition.

Using background, attitude, and policy inclination as variables, Kautsky (1969) said that the distinction between revolutionary and managerial modernizers is that while both are dedicated to modernity, the former, being oriented as mass organizers look upon ideology (i.e. symbolism and appeals to collective principles) as the primary mechanism to achieve modernity, while the latter, usually technically trained, looks upon industrialization or economic development as the fulfillment of revolutionary promises for modernity. Though

the author was unable to completely examine his ideas because of an apparent lack of cases, this paper will expand his arguments and the classification he gave regarding elites situated in the context of revolution (pre and post-revolution) by arguing that in the cases of Cuba and Vietnam, economic reform programs were controlled by revolutionary elites in the former with managerial elites on the margins of power, and by revolutionary turned managerial elites in the latter. Furthermore, in the existing literature reviewed in this paper, it was already established that the character of competing elites could and have influenced economic reform program. This paper in turn will try to address the gap posed by a lack of literature on the structure or, the characteristics of the political arena wherein elite competition must take place before it affects the policy making process; that the process of policy legitimation must take place in a structure wherein elites, representing different arguments for or against economic reform, must compete in an arena that could provide opportunities for them or pose obstacles against the pursuit of their respective interests.

Theoretical and Conceptual Frameworks

To explore a synthesis for the ideas within two sets of literature presented above, this study, using the cases of Cuba and Vietnam, will now expound on the aforementioned argument that the structure of competing national elites, through the struggle for policy legitimation, have influenced the consistency and character of the economic reform programs in socialist countries in transition. In relation to this, this paper also contends that the resolution of elite conflict through policy legitimation, reflected in the consistency and characteristics of market reforms, is facilitated by access to mechanisms of legitimacy. However, before looking into Cuba and Vietnam, this paper will first present the conceptual framework of this paper's argument. First, regarding *structurally defined elite*

competition, this paper looks into the distribution of power among elites within the political arena and the indicator used was exclusive access to the mechanisms of legitimation. In other words, the mechanisms of legitimation constitute the structure shaping elite competition. From this, two types of structurally defined elite competition could be derived, namely an absolutist elite competition wherein among competitors, one or a relatively small clique of leaders have exclusive access to legitimizing mechanisms that they could use to support their policy agendas (could be driven by ideology and/or economic necessity). The contrary is true for oligarchic elite competition wherein none have exclusive access to legitimizing institutions. To be more specific, no one among them could monopolize the mechanisms of policy legitimation to gain an upper-hand in the policy process.

Regarding the mechanisms of legitimation, this paper looks upon the *process or struggle for policy legitimation* as the intervening variable. This variable is constituted by two mechanisms, namely, the concretization of a dominant value pattern through the control of associational incorporation, and the institutionalization of a charismatic leader. Associating these two with the explanatory variable (structurally defined elite competition), it must be noted that though both would require the existence of a charismatic leader, the latter will address the question of succession since an institutionalized leadership could only be effectively used in policy legitimation if someone, or as was stated earlier, a clique of like-minded elites, will serve as the primary interpreters of a charismatic leader's legacy.⁴ Moreover, based upon Olson's (2000) analysis of democratic and autocratic states and their relationship with the formation of markets,⁵ this paper further argues that the mechanisms of policy legitimation as institutions are established to maintain a regime. This institution building activity is reflective of rulers' encompassing or super-encompassing interests

on the welfare of the society. To be more specific, these legitimizing mechanisms is in a cyclical relationship with elite competition in a sense that while the latter's characteristics determines elites' access to legitimizing mechanisms, the regularized utilization of the former on the other hand maintains how elite competition is structurally defined. In a nutshell, policy legitimation as an intervening variable acts upon the dependent variable by translating its interaction with elite competition—that is, providing a structure for the latter—into policy direction, specifically the consistency and characteristics of market-oriented reform.

RESULTS

The Case of Cuba as a Socialist Country in Transition?

Absolutist elite structure: Castro and the arena for elite competition. During the pre-reform and reform periods, Cuban national elite politics revolved around the Castro brothers, especially Fidel Castro who was, and is still considered as the *el comandante* of the Cuban state. For Perez-Stable (1999), Cuban politics could be considered as absolutist because power was concentrated in the hands of the *el comandante* and his brother. Also, they are intimately attached to principles of nationalism and the legacies of the Cuban revolution; two factors that in turn are the bases of *el comandante's* role as the primary source of national cohesion. To give a more concrete examination of how Castro's regime sought policy legitimation, Aguirre (2002), concluded that alongside the mechanisms of repression—more specifically the police force buttressed by local militias—the current regime in Cuba was also based upon the weaving together of nationalism, their history of struggle against dictatorships and imperialism, and the charismatic leadership of Castro. This value pattern was designed to perpetuate the informal social control of the government over

the Cuban society. Furthermore, Perez-Stable (1999) observed that Cuban politics since 1959 has rested on mobilizational authoritarianism that could be defined as reliance on popular mobilization based on charismatic leadership, and the lack of strong institutions that will regularize political interaction in the policy process. For the case of Cuba, this structure is based on the leadership of Fidel Castro as *el comandante*, on mass mobilization⁶ in politics and in the economy, and in the defense of *la patria* (the homeland) against threats from the U.S. government. From a constitutional point of view, the President stands as head of both state and government, thus having authority in the vital affairs of the state such as overseeing and supervising the activities of the ministries and other administrative agencies, and signing decree-laws that could be issued between the sessions of the National Assembly (Cárdenas, 1986). Without descending into a legal discussion, this paper would like to emphasize that mobilizational authoritarianism was, and is still reflected in the legal structure of the Cuban state.⁷

However, although national elite competition was structurally defined as absolutist, Cuban socialism in general was nevertheless defined by a measure of democracy at the local level. Castro's regime is not solely defined by state repression, but also by popular participation in the policy-making process.⁸ However, this source of legitimacy is something that, though existing, is similar in the case of Vietnam wherein hegemony is rooted more upon the populist image of the government (Aguirre, 2002) than on actual and efficacious venues of democratic participation.⁹ Thus, combined with a dominant autocratic regime, these venues for participation cloaked Castro's hegemonic regime with the image of democratic legitimacy and popular consensus (Aguirre, 2002; Cole, 2002; Edelstein, 1995; Perez-Stable, 1999). For these reasons political participation was utilized to gain popular support for economic reforms that were in turn

curbed to fit with the elite's interpretations of the demands made within these venues.

In examining Cuba's policy through the concept of mobilizational authoritarianism, this paper observes that charismatic leadership was not yet institutionalized because it was still embodied by Castro as an effective *el comandante*, and that the ability to present a dominant value pattern, via the utilization of underdeveloped mechanisms of democratic participation,¹⁰ was still held by the charismatic leader. In general, the absolutist structure elite competition in Cuba could be described as skewed towards Castro and his bloc who had exclusive access to the legitimizing mechanisms of the Cuban state.

Elites and economic reform since 1970: A sequence of events. Concerning elite competition, Perez-Lopez (1991) stated that it was a struggle between hard-liners revolving around the Castro brothers, and soft-liners or technocrats who would soon manage the short-lived market-oriented reforms during the 1980s. From the discussion above it could be said that absolutist elite competition in Cuba is a situation wherein mobilizational authoritarianism is the mode of policy legitimation, and that technocrats must deal with their opponents within the contours of this arrangement. For this reason, Perez-Stable (1999) was able to observe that because of the struggle of Castro's regime to maintain a united front without endangering its political cohesion, elite factions were allowed to exist but they lack power to the extent that "their conflicts...had modest repercussions" (p.72). Moreover, unlike in "China and Vietnam, where reforms have usually advanced after a period of elite struggles, the factional differences among Cuban elites have not promoted a momentum for economic, let alone political, reform" (Perez-Stable, 1999, p. 72).

In the context described above, the reformist elites of Cuba struggled to turn their economy towards market oriented policies. From the

1970s to the early 1990s, Cuba underwent a series of economic crises, reform, and reversals that was rooted upon the absolutist structure of the political arena that contained elite competition. According to Perez-Stable (1999), the “seesaw of the Cuban economy is not hinged on a consensus around a program of reform... Rather it is precariously balanced between market imperatives and mobilizational politics, the latter thus far more determinant” (p. 66). Furthering the argument above, this paper posits that mobilizational authoritarianism as a mode of legitimation perpetuated the absolutist structure of elite competition in Cuba, and in turn is sustained by the latter.

Regarding the role of elite competition in economic reforms in Cuba, it must be noted that the movement towards economic reform during the 1970s happened in the context of an ailing economy and a political regime struggling for economic growth and development within dire circumstances. According to Hamilton (2002), and Leogrande and Thomas (2002), due to their revolution’s promise of freedom from their economic dependence on the United States, the direction of economic policies before 1970 was to diversify the Cuban economy, promote import substitution, and reduce dependence on the export of sugar. The *Junta Central de Planificación* (Central Planning Board or the JUCEPLAN) was established in 1961 to achieve this economic policy through centralized planning. The results of centralized economic planning were far from successful¹¹ and soon, Castro’s regime was forced to rethink its adoption of the Soviet emphasis on production and industrialization. The product of this policy reformulation was the announcement that Cuba will produce 10 million tons of sugar in order to lay down the foundations that could ensure its future independence from sugar.¹² This paper notes that this decision entailed an encompassing politicization of the economy, and according to Karl (1975), Hamilton (2002) and Zimbalist (1989), this was embodied in the

movement towards the use of individual and collective moral incentives at the expense of material incentives. Moreover, Leogrande and Thomas (2002) stated that the goal of producing 10 million tons of sugar “became enshrined as a matter of political prestige and regime legitimacy, and consequently, economic rationality took a backseat” (p. 327).

This led to the establishment of institutions of popular mobilization, and the development and utilization of political and social culture for economic purposes (Hamilton, 2002). This policy on incentives was implemented and though sugar production was prioritized at the expense of all other sectors in the Cuban economy, it failed to produce the 10 million tons by 1970. From the failure of their highly politicized economic system, the 1970-1986 market reform program in Cuba could be defined as a re-introduction of capitalist mechanism in the Cuban economy. Material incentives (i.e. profit rates for state enterprises) were re-introduced, along with the establishment of a small market for the peasantry and artisans, and the 1975 system of economic management executed through the *Sistema de Dirección y Planificación de la Economía* (System of Economic Management and Planning) or SDPE. The implementation of the SDPE, directed by Humberto Perez, head of the JUCEPLAN, was handled by technocrats, utilized material incentives, acknowledged the role of fiscal-monetary variables as instruments of economic management, involved self-financing, provided a measure of decentralization, and increased profit incentives for state firms. Moreover, managers were given more autonomy, previous restrictions on the private sector were eased, the agricultural sector was allowed to have its own market—*mercados libres campesinos* (MLCs)—that could provide material incentives to farmers, and the Cuban economy was opened, though in a limited extent, to Western trade and investment flows (Cole, 2002; Cruz & Seleny,

2002; Leogrande & Thomas, 2002; Perez-Lopez, 1991; Zimbalist, 1989).

The implementation of the SDPE achieved a measure of success¹³ but was proven inadequate in addressing Cuba's economic problems.¹⁴ Furthermore, with the narrow benefits of this economic experiment¹⁵ and the inefficiencies and ineffectiveness of the SDPE, Castro's regime also cited that the 1975 SDPE produced socio-political problems¹⁶ that threatened the legacies of their revolution. To put it simply, the rectification campaign that followed showed Castro and his clique's continued dedication to socialist development as the primary socio-economic policy (Cole, 2002; Perez, 2011).

Bound to fall from the beginning: The vulnerability of the SDPE. Castro's regime re-asserted its legitimacy at the expense of its opponents. Concerning the SDPE on Cuba's agricultural sector, Rosenberg (1992) observed that Castro, who became supportive of agrarian cooperatives¹⁷ and was impressed by the farmers' markets in socialist Europe, created a political environment that is conducive to rise of technocratic reformers. On one hand, his preoccupation with foreign policies allowed these elites to take over the details of Cuba's economic policies, while on the other, pressure coming from the issue of Cuban food production could explain his supportive attitude towards the proposed establishment of MLCs. Castro supported market reforms in the agricultural sector and because of this, major reformer elites like Humberto Perez,¹⁸ Osmany Cienfuegos,¹⁹ Diocles Torralba,²⁰ and Carlos Rafael Rodriguez²¹ successfully pushed for the establishment of MLCs.

However, the legitimacy of Decree 66 that established the MLCs was based upon the explicit support of the *Asociación Nacional de Agricultores Pequeños* (ANAP) of small landowning farmers and from consumers, both of which were built through Castro's efforts (Rosenberg, 1992). To put it simply, Rosenberg

(1992) observed that the legitimacy of MLCs is based upon factors under the direct or indirect control of Castro. Thus, it was susceptible to a sudden change in the policy preference of the one with exclusive access to mechanisms of policy legitimation. This vulnerability was exploited when two socio-political issues emerged out of the SDPE threatening Castro's regime and the legacies of the revolution. First is the inequality exemplified by private farmers who maximized the benefits of the peasant markets, thus, gaining more wealth by Cuban standards, and second is the rise of a technocracy whose managerial superiority emerged as an alternative to mobilizational authoritarianism (Cruz & Seleny, 2002). For these reasons, a rectification campaign was launched in 1986 to re-align the economy with the populist politics of Castro's regime.²²

The supporters of cooperatives encroached and caused a split in the ANAP, thus disabling it as a political body.²³ Furthermore, the 1982 crackdown on profiteering in the MLCs struck a severe blow on the legitimacy of this policy. Along with the other socio-economic failures of the SDPE's implementation, the operations of the JUCEPLAN were soon taken over in 1984 by a group responsible to the PCC, and by 1985, Humberto Perez was replaced by a hard-liner, Jose Lopez Moreno, and the JUCEPLAN was relieved of its economic managing power and was taken over by the *Grupo de Coordinación y Apoyo del Comandante en Jefe* that reported directly to Fidel Castro (Perez-Lopez, 1991; Rosenberg, 1992). By 1986, a policy reversal occurred and this rectification campaign entailed the reversal of market reform and the dismantling of market institutions like material incentives, peasant farms, and the small private sector.

In re-asserting the importance of the incumbent party, this rectification campaign criticized the previous economic model as foreign in nature and condemned the economism of technocrats and reformists who were removed from their

niches in state institutions (Cruz & Seleny, 2002; Rosenberg, 1992). With this reversal, the mobilizational politics of Castro's regime again took salience in Cuban political and economic affairs. Despite of this victory, when the Soviet Union and the *Council for Mutual Economic Assistance* (CMEA) fell, Cuba with its fragile sense of economic security, suffered severe economic crisis. By the 1990s, Castro declared a "Special Period in Time of Peace". Coupled with austerity measures that were comparable to the common recommendations of the international financial institutions, the reforms within this "special period" could be defined more, and was interpreted by the regime as a survival mechanism than an ideological surrender to either capitalism or market socialism²⁴ (Corrales, 2004). Focusing on Cuba's reforms on the inflow and direction of FDIs during this period, this paper observed three main attributes that have defined Cuba's interaction with foreign capital. First is the establishment of private property rights for foreign investments via the 1982 expanded foreign investment law. Second is that these rights were tied with close collaboration between the government and foreign investors that led to the concentration of investments in certain industries; FDI flows were directed by the government towards the tourism industry, and the sugar and mining industries that are in the process of being opened to foreign investments (Brundenius, 2002; Cruz & Seleny, 2002; Mao, 2007). Lastly is the segmentation of the economy—a dual economy based on the dollar and the peso—reflected in the state control over labor and employment (Cruz & Seleny, 2002). In general, this reform program, including reforms in the FDI sector, could be analyzed as an attempt by the government to defend its society from the adverse effects of a necessary integration into the global capitalist system, while benefitting from its transactions with foreign investors.

Policy legitimation and economic reform. Perez-Stable (1999) stated that during "the crossroads of 1986, charismatic, not institutional authority proved determinant" (p. 70) and for this paper, this was due to the absolutist elite competition in Cuba. Market reforms within Cuba were directed at ensuring the economic survival of the legacies of the Cuban revolution. In line with this, Castro's regime kept reform and reformists upon thin ice and shackled to the legacies of the revolution by sustaining mobilizational authoritarianism as the primary mode of policy legitimation. Cuban reformer elites faced considerable resistance from actors attached with institutions established during the post-revolutionary period, and with the military at the forefront of economic reforms and the persistence of the organs of *Poder Popular*, Castro and his bloc enjoyed a determining influence on the macro-economic policies of Cuba.

As stated earlier, under siege by diplomatic pressures from the U.S. government, and deprived of both an export market and a secure source of capital because of the dissolution of the Soviet Union and the CMEA, Cuba's national elite was forced to adopt market reforms to attract foreign investments and ensure the economic recovery of Cuba. However, since the aim is the survival of the regime, Castro and his supporters did not extend the limits of market-oriented reform for the reason that they are not in favor of emphasizing the accumulation of wealth; a position shared by Castro himself (Castro, 1986; Corrales, 2004; Perez-Stable, 1999). Moreover, due to this ideological stand against capitalism, market reforms in Cuba, deprived of optimal political support that came from their proponents' vulnerability rooted upon their lack of exclusive access to legitimizing mechanisms, led to inconsistency and two reversals ever since Cuba started its economic reforms.

The absolutist elite competition in Cuban national politics left little or no room for

reformists to gain influence and popular support. The contest of policy legitimation between reformists and hard-liners was highly uneven because Castro's bloc had exclusive access to mobilizational authoritarianism as the primary mode of policy legitimation thereby giving a disadvantageous position to those outside this group. It could be said that Cuba's case is an illustration that in the absence of a strong reformist bloc,²⁵ a group of reform-oriented elites could only survive and gain power either in the context of an oligarchic elite competition or in an absolutist but pro-reform regime. The reforms of 1970, the reversal caused by the rectification campaign, and the renewal of market reforms during the 1990s, were due to the legitimized policy decisions made through the mobilizational authoritarianism of Fidel Castro. The venues of political participation, especially those of the *Poder Popular* that was supposedly meant to bring direct democracy in Cuban economic affairs, gave the mantle of democratic and popular legitimacy to Castro's regime that constantly used these to legitimize its economic policies. Such an arrangement constrained reformists, and Castro's regime gained the upper hand in the struggle for policy legitimation.²⁶ This is supported by the fact that though Castro's regime was eventually forced to initiate market reforms after the fall of its core, the reform program was tightly contained within the boundaries of socialism and the legacies of the revolution²⁷ through the perpetuation of this form of policy legitimation.

The Case of Vietnam and the Path Leading to *Doi Moi*

Elites and the institutionalization of charismatic leadership: The oligarchy after Ho Chi Minh: The distinction between Vietnam and the case of Cuba is that while reformer elites fought within an absolutist structure in the latter, the former's economic reform program was pushed through by elites who fought in an

oligarchic structure they inherited after the death of Ho Chi Minh. From the observations made by Honey (1962), McWilliams (1983) on the contours of elite competition after the death of Ho Chi Minh, this paper notes that the more collegial leadership style of Ho Chi Minh (McCormick, 1998) was preserved, and with it the integrity of the "old guard" as a unit. Also this paved the way for the establishment of an oligarchic structure that contained elite competition for policy legitimacy.

Moreover, revolutionary ideas embodied in Ho Chi Minh were soon institutionalized, coupled with the strengthening of democratic mechanisms (electoral and associational)²⁸ in all levels of the Vietnamese state. However, instead of maintaining these mechanisms for the sake of a charismatic leader, this paper observed that these were concretized to support the legitimacy of the policies formed within an oligarchic structure. To be more specific, the ideological change geared towards the acceptance of market principles (Elliot, 1992), as the product of an oligarchically structured elite competition, was the one secured constitutionally through policy legitimation.²⁹ Therefore unlike Cuba, in Vietnam these legitimizing mechanisms were used to support the national elites in general, and not a single person or bloc at the expense of other elites. This fact necessitates the analysis of another mode of policy legitimation, that is, elite competition in a more leveled political arena provided by the collegiality of oligarchic elite competition.³⁰

Economic reform: The *Doi Moi* policy.

Before moving on to an overview of Vietnamese elite politics, this paper would first discuss the *Doi Moi* policy itself. According to Masina (2006) this fundamental shift in economic policy that occurred in 1986 during the 6th Congress of the Vietnamese Communist party (VCP) was caused by two motivations. Masina (2006) stated that "it reflected the need to address the

economic imbalances and shortages produced by the command economy...On the other hand, it derived from the need to cope with the crisis in the Soviet Union” (p. 59). The aforementioned crisis was caused by Vietnam’s dependence on the Soviet Union for aid and export markets. Placing economic reform in a nutshell, it could be said that as a culmination of incremental and experimental reforms that started in 1981, Vietnam’s *Doi Moi* consists of three major contents. First is agrarian reform that involved the abandonment of collectivization and a return to privately owned and managed agrarian sector that allowed the re-introduction of market mechanisms in this economic sector (Heo & Kien, 2008).

Second is trade and FDI liberalization that involved the creation of a legal environment that is conducive to the entry of FDI, and the reduction of barriers to trade (Heo & Kien, 2008; McGovern, 1997; Chionh, Lim, Oh, & Ow, 1997; Mai, 2004; Ha & Thanh, 2004). Unlike the bifurcated economy of Cuba, Vietnam was able to strike a balance between openness and protection from foreign capital mobility, and though there are still various difficulties that foreign entities must face, the resulting environment was more conducive to FDI.³¹ It gave foreign investors access to Vietnam’s domestic economy while ensuring that investments on sectors that will contribute to economic growth will be promoted through tax incentives. Last are market-oriented reforms and the recognition of the private sector (Heo & Kien, 2008) and this set of policy changes highlighted Vietnam’s movement towards a careful utilization of capitalist mechanisms to reinvigorate its economy. Since 1986, economic reform did not suffer a reversal comparable to the experience of Cuba. However, the road to *Doi Moi* was not a smooth one and for this reason, this paper will now examine why the trouble with hard-liners did not lead to a rectification campaign.

From 1985 to 1986: The last obstacle before the *Doi Moi* reform and the way forward. To provide this analysis of the change in the process of policy legitimation in Vietnam, this paper will give a brief overview of the attempted 1985 reform reversal and the experiences of the oligarchy in the early *Doi Moi* period from the late 1980s to the early 1990s. According to Masina (2006) and Stern (1987), due to the contradictions caused by incomplete reforms during the experimental period of 1981-1985, an attempt to re-establish the mechanisms of centralized planning took place in mid-1985 in the form of the *Price-Wage-Money-Currency Reform*. This attempted policy reversal is constituted by a set of policies that tried to re-establish stability at the macro-economic level via currency reform, increased state prices, and higher wages (Masina, 2006), and through the reassertion of state interference in the micro-economic affairs ranging from land use to the strengthening of local government units as planning authorities (Stern, 1987). From this engagement, the idea that both soft-liners and hard-liners does not have exclusive access to mechanisms of policy legitimation is supported by the fact that grassroots forces³² were also divided into two groups of elites who wanted either to further liberalization or stop market-oriented reforms (Masina, 2006);³³ that is, unlike in Cuba, associational incorporation could not be used to provide dominance to a certain value pattern. For this reason, neither of the two camps in Vietnam could effectively use popular support against each other and for this reason, the settlement of the issue of economic reform in the Vietnamese oligarchy was determined, not by an ideological struggle that is comparable with the case of Cuba, but by the eventual failure of the 1985 counter-reforms espoused by hard-liners (Masina, 2006; Stern, 1987, 1995).

What this paper notes is that elite competition in Vietnam eventually transcended the contest between pro and anti-reform. The transition from the question of market reform as an apt economic

policy,³⁴ to its acceptance,³⁵ to the raising of a new question on the intensity and direction of reform (thus, ensuring the consistency of economic reform) was exemplified by the clash of views between two reformers, Vo Van Kiet (State Planning Committee Chairman) and Pham Hung (Minister of Interior), during the Eighth Plenum reforms. According to Stern (1987), Kiet proposed “that central agencies reduce the number of orders and purely administrative directives issued and concentrate on strategic development, area zoning, planning and defining policies, and supervising the performance of lower echelons” (p. 482). Furthermore, Kiet emphasized the importance of decentralization through the revitalization of “moribund planning organs at the district and subdistrict level and devolving substantially increased responsibilities and decision-making latitude to those organs” (Stern, 1987, p. 482). Hung, on the other hand, argued for the continued primacy of party control over economic reform by strengthening party organizations. Furthermore, to ensure that economic reform will have political direction he “emphasized the need for progress in the education of party members and the more aggressive acquisition of specialized and technical knowledge of party organizations” (Stern, 1987, p. 482).

The oligarchic structure of elite competition also enabled the continued existence of a conservative faction within the political arena. The blatant criticisms thrown by Nguyen Thanh Binh, secretary of the Hanoi Branch of the Communist Party of Vietnam, against a report given concerning market oriented reforms is an indicator that there is no total agreement on the road to take in the socio-economic affairs of Vietnam (Finkelstein, 1987). Despite of this, the perpetuation of collegiality in the leadership styles of the Nguyen Van Linh and Do Muoi as general secretaries of the VCP stands as an example of Vietnam’s oligarchic structure in elite competition. To be more specific, plenary

sessions as a mechanism of elite communication that was based on the leadership style of the general secretary and the relationship between members of the Central Committee (Stern, 1995) was used to absorb the impacts of criticisms from opposing elites and to provide a political arena that allowed the pendulum of policies to swing from one bloc to another without necessarily depriving a defeated bloc of the opportunity to regain. To put it simply, the expression of collegiality that the Vietnamese national elite inherited from Ho Chi Minh was preserved and it was expressed under General Secretary Nguyen Van Linh who, according to Stern (1995), gave more importance on plenary sessions as “forums in which competing views on policies and fundamental political issues were articulated and actively discussed” (p. 909). Moreover, to emphasize on the existence of Vietnam’s oligarchy and to remove any doubt of its efficacy as a structure that could influence the flow and outcome of elite competition, Stern (1995) observed how Nguyen Van Linh, a leading supporter of economic reform, was slowly pushed into the background by conservatives who utilized the problems caused by reform to slow it down but not to reverse it.

This campaign to decelerate economic reform for the sake of political stability took a center stage during the leadership of Do Muoi who—in using plenary sessions in a more conservative way in building and consolidating support—argued that “economic change was the driving priority in national renovation, and that efforts to carry out economic reform revealed glaring weaknesses on the political side of the equation, prompting focused efforts to renovate the political system” (Stern, 1995, p. 915). Furthermore, in his appeal to bend reform towards the aim of strengthening the party’s leadership via grounding economic reform on the application of Marxism-Leninism and Ho Chi Minh Thought, this paper deduces that Do Muoi, through the interpretation of established doctrine

and an institutionalized charismatic leader, tried to legitimize his proposals by linking it with the public through the value pattern emanating from the aforementioned sources of legitimacy.

Observations: Policy legitimation and the consistency and outcome of economic reform. The primary observation of this paper is that in the case of Vietnam, the process of policy legitimation leaned more towards establishing consensus among elites in an oligarchic arrangement, than towards harnessing popular support to push or reverse policy; the former is not susceptible to drastic reversals unlike the latter because none of the contending parties could utilize popular sentiments as a decisive source of policy legitimacy. Second, due to the oligarchic structure of elite competition in Vietnam, it could be observed that their national elites, deprived of exclusive access to mechanisms of legitimation, broke away from the question of reform against counter-reform. However, such a break only allowed a shift in focus towards the questions of speed and intensity of reform because neither conservative nor radical reformers could easily depose their opponents. In relation to the first two, this paper also observed that the oligarchic structure of elite competition in Vietnam allowed shifts in power among national elites without endangering the consistency of market reforms. From this it could be said that unlike the case of Cuba, the burden and capacity for the legitimation of economic reform in Vietnam became distributed more or less evenly within the ranks of the national elite, and therefore could not be determined by the critical will of a single person or a bloc based on a charismatic leader. The consistency of market reform in Vietnam therefore, was facilitated by the struggle for policy legitimation within an oligarchic form of elite competition; that is, there is a lack of exclusive access to mechanisms of legitimation.

CONCLUSIONS

To reiterate, *Structurally Defined Elite Competition*, through the *process of policy legitimation*, have determined the consistency and characteristics of market oriented reforms within socialist countries in transition. Furthermore, the cases illustrated that elite competition within socialist countries in transition, in shaping policy formation is framed within the two dimensions of the constant process of policy legitimation. From the discussion, this paper argues that the absolutist structure of elite contention, via mobilizational authoritarianism involves policy legitimation through the creation and imposition of a dominant value pattern via associational incorporation in the context of a charismatic leader. As was exemplified by Cuba, the mechanisms of policy legitimation was effectively used by Castro's bloc, first in reversing the SDPE, and second in justifying the market oriented reforms of the 1990s while directing it towards ideological interests. On the other hand an oligarchic structure for elite contention involves less of utilizing both an institutionalized charismatic leader and associational incorporation. Hence, due to the oligarchic structure of elite competition, not one bloc of elites is capable of gaining a position that is critical enough to completely reverse policies. Moreover, it must be noted in the case of Vietnam, due to the ideological movement away from centralized planning (a transformation caused by the political emergence of reformers in the process of policy legitimation), the point of contention among national elites transformed from the necessity of economic reform into the direction, intensity, and details of market oriented reform.

Therefore it could be said that the settlement of elite contention regarding reform in the cases of Cuba and Vietnam, as a product of the struggle for policy legitimation, caused two different events, a reversal for the former and

a continuation of reform for the latter.³⁶ This is because soft-liners in Cuba pushed for reforms in a context wherein the charismatic leader have exclusive access, or an effective control over the mechanisms of policy legitimacy, making them dependent on a single center of power who, due to the character of Fidel Castro was more or less against market-oriented reforms but practical enough to concede that economic change is a necessity for the survival of his regime. Hence, the political necessities of economic reform were given a prominent role in the process of policy legitimation only during the 1990s when the Soviet Union fell with the CMEA and Cuba's economic security.

On the other hand, reformers in Vietnam engaged hard-liners in an oligarchic structure that did not allow either side to utilize the mechanisms of policy legitimacy against each other. Since neither have effective control over the mechanisms of policy legitimation, they could not settle their accounts in a manner similar with the case of Cuba, therefore allowing the pressure coming from the political necessities of economic reform to tip the balance in favor of the soft-liners. This was exemplified, first by how hard-liners utilized the shortcomings of early experimental reforms to push for a retreat in 1985, and second, by how reformers took advantage of the failed 1985 reversal attempt to push for further market-oriented reforms embodied in the *Doi Moi* reform program. Moreover, unlike in Cuba, the struggle for policy legitimization in Vietnam before the end of the 1980s transformed from a conflict between reformers and conservatives, to a struggle between risk and non-risk takers. This transition showed that an oligarchic structure has allowed the survival of losing national elites and provided a more leveled ground for all contending parties. This in turn paved the way for the legitimization of economic reform, and the movement of elite contention away from the question of implementing reforms and into issues surrounding its pace and content, or in general,

the intensity and characteristics of economic reform (the output of market-oriented reforms).

For future studies, what must be asked is that *where are these socialist countries going to, and what is the role of elite politics in determining the path of their reform programs*. Also, the mortality of the Castro brothers is one thing that must be taken into account for studies who would like to provide hypotheses on the future of Cuba using the framework presented here. Lastly, future studies should try to test the framework presented here with the case of the People's Republic of China and the formation of its socialist market economy in order to expose the issue of legitimacy emanating from the practical juxtaposition of market practices with political and economic socialism.

ENDNOTES

¹It must be noted however that the discussion on the FDI sectors of these cases will be brief and will only serve the purpose of giving substance to this paper's argument on elite competition and its impact on economic reform.

According to White (1986), in the context of economic crises, mechanisms of adaptation enabled communist regimes "to shift some of the burden of legitimation from purely economic performance to these other political or procedural bases" (p. 471). He enumerated four mechanisms, namely electoral linkage, political incorporation, associational incorporation, and lastly, letters to the party, state, and to the press. See White's *Economic Performance and Communist Legitimacy* (1986) for more details.

³Kautsky (1969) in his discussion pointed out that the attributes of the elite and economic development could serve as both dependent and independent variables to each other, thus producing to alternative views on the relationship between these two factors.

⁴This paper will not use the number of elites as an indicator for elite competition since it is not necessarily connected with the focus of this paper which is the distribution of power within the political arena.

⁵See Olson's *Power and Prosperity* (2000) for more details.

⁶In his reports to the Second and Third Congresses of the Communist Party of Cuba, Fidel Castro (1981, 1986) praised state-sponsored mass organizations like

the Confederation of Cuban Workers (CTC) and the National Association of Small Farmers (ANAP), for their contributions to economic production.

⁷From Cárdenas' (1986) work, Article 67 of the 1976 Constitution of the Republic of Cuba states that as an organ of *Poder Popular*, the National Assembly of People's Power is the "supreme organ of state power and represents and expresses the sovereign will of the working People" (p. 52), while the Council of State, according to Article 87 is "the organ of the National Assembly of People's Power that represents it between sessions and carries out its resolutions and performs any other duties assigned to it by the Constitution" (p. 56). The concentration of power in the hands of the president of the Council of State, as would be elaborated later on, is secured in the Cuban constitution because of the president's encompassing power as both head of state and head of government (more specifically, of the Council of Ministers).

⁸The policy of *Poder Popular* entailed the establishment of several organizations that are meant to represent the direct participation of Cuban citizens. However, this paper as well as other authors saw several limitations in the realization of *Poder Popular*. Based on Cárdenas' (1986) analysis of the Cuban state, this paper concludes that the national institutions of this policy (i.e. the National Assembly of People's Power) is still, more or less, subordinate to the Council of State headed by the President. On the other hand, the powers of the local assemblies are still limited to assisting higher state bodies in implementing and monitoring policies.

⁹It must be noted however that according to O'Bryan and Otero (2002), democracy in Cuba is still limited for the reason that the public sphere is still too narrow to allow the growth a reformist civil society.

¹⁰See Leogrande (1980) for more details on the positive relationship between the hegemony of Cuba's communist party and the Organs of People's Power or *Poder Popular*. The latter according to him provided the Cuban Communist Party with a sense of democratic legitimacy but the hegemony of the former is evident by its domination of seats in these assemblies.

¹¹See Hamilton (2002) on the Cuban economy's lack of necessary raw materials for industrialization, and Leogrande and Thomas (2002) for the stagnation of Cuba's growth rate and deficit in its balance of payments.

¹²See Leogrande and Thomas (2002) on the Soviet Union's sugar trade agreement with Cuba.

¹³According to Perez-Lopez (1991), Cuba's Gross Social Product (GSP) grew to 7.2% per year from 1980-1985. On the other hand, Ritter (1990) cited the growth of Cuba's per capita GSP at a real annual

compounded rate of 5.9% from 1979-1985). See Ritter (1990) for more details on this mode of measuring performance.

¹⁴See Martinez Heredia (1991) for the negative implications of the SDPE's underdeveloped mercantilism. Also, see Castro (1986) and Fitzgerald (1989) for the causes behind Cuba's sluggish growth rate and the subsequent debt crisis.

¹⁵It must be noted that the benefits of the reform, though limited were nevertheless impressive enough to stop Cuba's economic demise (Hamilton, 2002; Cruz & Seleny, 2002).

¹⁶It must be noted that according to Hamilton (2002), the *Poder Popular* was institutionalized because of the bureaucratic centralization that entailed the implementation of the SDPE.

¹⁷Castro's support for cooperative farmers and their entry in the ANAP could be seen in his 1980 report to the Second Congress of the Communist Party wherein he said that in line with the contributions of cooperative farmers, the ANAP, with the state support, "will keep developing and consolidating the cooperative movement" (Castro, 1982, p. 22).

¹⁸Humberto Perez – Head of the JUCEPLAN and de facto head of SDPE's implementation.

¹⁹Osmany Cienfuegos – Vice-president of state and secretary of the Comité Ejecutivo del Consejo de Ministros.

²⁰Diocles Torralba – Deputy Prime Minister and member of the Comité Central del PCC (Partido Comunista de Cuba).

²¹Carlos Rafael Rodriguez - vice-president and member of the Buró Político.

²²Exemplified by the agrarian sector reforms of the 1970s and its 1986 reversal, Rosenberg (1992) gave several vital observations. First is that with pressures emanating from the food crisis and the rise of the black market during the 1970s, the pro-market policies espoused by a technocratic bloc slowly became a viable alternative to centralized planning. Second is that the ability of the aforementioned group of elites to push through with reforms was due to the unexplained acquiescence of Castro. Third is that when problems grew out of these market oriented reforms (i.e. cases of hoarding and price distortion), Castro immediately utilized the institutions of the *Poder Popular*, serving as vents of public discontent, to give legitimacy to the 1986 reversal or rectification campaign. Lastly, the technocratic bloc, Rosenberg (1992) observed, was pushed by the rectification campaign back to the margins of Cuban politics after losing their political gains during the reform period.

²³In 1985, Jose Ramirez Cruz, president of the ANAP and a supporter of market reforms, was dismissed.

²⁴See Cole (2002) regarding the juxtaposition of market reforms and the strengthening of the populist institutions of Cuban socialism (ex. free health and education, persistent and prominent ideological declarations of defending socialism). Also see Brundenius (2002), Cruz and Seleny (2002), Hamilton (2002), and Mao (2007) for Cuba's dual economy.

²⁵It must be noted that the emergence of a "potentially hegemonic technocratic bloc" (Cole, 2002, p. 52) was not entirely facilitated by state reform and was a product of the Castro regime's dominance in the policy legitimation process that pushed this class to the margins of Cuban political and economic affairs (Cruz & Seleny, 2002). Only now is the Cuban technocracy, due to the necessity imposed by market reforms and the re-thinking of policy legitimacy, being institutionalized and integrated to the mainstream of Cuban political elites.

²⁶The fetter on market reforms of the "Special Period" during the 1990s has four salient manifestations. First is the continued dedication of the Cuban government to the primacy of socialist development over market reforms, and to the tight interweaving of economic reform and patriotic discourse (Mao, 2007). Second, is resentment against referring to Cuba as an 'economy on transition' and the insistence that Cuba's economic reforms are all directed for the maintenance of the legacies of the Cuban revolution (Brundenius, 2002). Third is the uneasy balance between moral and material incentives; the former being a product of mobilizational authoritarianism and a necessity for running a mobilization-based economy, while the latter is a product of market reforms and a necessity for market socialism (Cruz & Seleny, 2002; Hamilton, 2002). Lastly is the current struggle against the inequalities produced by the introduction of market institutions (i.e. private property, legal access to American dollars, material incentives). In the case of Cuba, mobilizational authoritarianism was knitted with market reforms so that material incentives were juxtaposed with patriotic appeals (moral incentives). The adverse effects of market reforms (i.e. rising inequalities) on the other hand were balanced by maintaining populist political declarations. This in turn was buttressed with the creation of venues for political participation (*Poder Popular*), and maintaining, and to an extent increasing the provision of public goods, specifically free health care and education (Hamilton, 2002).

²⁷It must be noted that according to Azicri (1980), the legitimacy of the Cuban state is not only based upon Castro but also, and even to a broader extent, on the cultural legacies of the revolution. It is faulty therefore, to attribute all sources of legitimacy to Castro and for this reason, and due to the existence of factions within the Cuban elite, this paper would like to clarify that to

have access to legitimizing mechanisms is not tantamount to the synthesis of total legitimacy and charismatic leadership into one powerful whole. In an absolutist elite competition, to have access to legitimizing mechanisms is to create and propagate a value pattern that links larger factors such as the cultural legacy of a revolution, with the leadership of one person or a relatively smaller clique elites espousing the same political and/or economic policies. This conceptualization of access to legitimizing mechanisms recognizes the existence of competitors that could also gain access to the mechanisms of policy legitimacy.

²⁸McCormick (1998) argued that Vietnam, in sensing the limits of Leninist institutions saw the strengthening of democratic procedures as an alternative. For this reason, similar to the Cuba's organs of *Poder Popular*, Vietnam also established the Vietnam Fatherland Front (defined according to the 1980 and 1992 constitutions of the Socialist Republic of Vietnam as an umbrella group for pro-state civic organizations).

²⁹One product of this competition was guaranteed in Article 15 of the 1992 Constitution of the Socialist Republic of Vietnam which states that the state "adopts consistent policies on development of a socialist-oriented market economy. The multi-sectoral structure of the economy with diversified types of production and business organisation is based on ownership of the entire people along with the collective and private ownership, of which the first two and the second are the cornerstone." According to McCormick (1998), developmental ideologies such as the one above expressed in Vietnam's constitution is a reply to the collapse of traditional ideology and will in turn pressure "governments to maintain consistently high rates of growth" (p. 132).

³⁰Reflected in the 1980 and 1992 Constitutions of the Socialist Republic of Vietnam is a more equally distributed power within the government in comparison to a concentration for the case of Cuba. Abuza (2001) said that power "is concentrated in the VCP's elite Central Committee...Within the Central Committee power is concentrated in the hands of the Politburo" (p. 19), and lastly, within the Politburo itself, a standing committee served as the final depository of power. Thus, it could be said that elite competition in Vietnam is defined by a structure that deprived anyone of a secure (in constitutional sense) position of advantage over others.

³¹According to Mai (2004), the annual committed FDI flows to Vietnam increased from zero in 1988 to \$8.6 Billion by 1996.

³²The Vietnamese Communist Party according to Abuza (2001) "maintains its links with the people through a number of mass organizations, which are controlled by the VCP's Fatherland Front" (p. 20).

However it must be noted that unlike Cuba wherein associational incorporation was strengthened through the promotion of mass organizations even before the SDPE, in the case of Vietnam, Abuza (2001) observed that under the Fatherland Front, mass mobilization as an element of the Vietnamese political process was revived only during the implementation of the *Doi Moi* reform program. This difference between the associational incorporation in Cuba and Vietnam could support the argument that for the latter, national elites did not have access to this legitimizing mechanism because none was in an advantageous position (in comparison to Ernesto Guevara and Fidel Castro) to call for mass mobilization.

³³As an illustration, the agricultural reforms initiated during the early 1980s (comparable with the MLCs of Cuba's SDPE) caused several economic distortions, and political conflict between affected parties (Masina, 2006). The Directive No. 100, according to Masina (2006) and Heo and Kien (2008) was a hybrid system implemented to address the severe economic problems that Vietnam faced during this period. This contract system introduced elements of rural decollectivization, giving farmers a free hand in managing the lands assigned to them (planting, weeding, and harvesting), bounded only by a certain quota of grain. While cooperatives maintained control over the provision of infrastructure, and marketing, farmers on the other hand were allowed to sell surplus grain on a free market. According to Masina (2006), when tensions erupted, and output growth started to decline with a spiralling increase in prices, competition among national elites was mirrored by contention at the grassroots level between those who wanted to further market reform, and those who wanted to diffuse it. This led to the 1985 attempted reversal in economic reform.

³⁴It must be noted that according to Elliot (1992), due to an ideological shift away from centralized planning towards market reforms, "the party apparatus no longer has the supreme right to control on ideological grounds and account must be taken of market factors...Decisions are now taken by the basic units of production. The Communist party no longer plays the sole role in the economy there is now the market mechanism, in the society it will not play the sole role but the 'leading role'" (p. 137).

³⁵Cima (1989) stated that it was "probably safe to say that in 1989 no Vietnamese leaders stand against the idea of reform...that the feature separating factions within the Politburo is less a distinction between reformers and conservatives than between risk-takers and non-risk-takers" (p. 790).

³⁶Though in both cases, political interests could be considered as having primacy over economic decisions, the variations in elite structure and its interaction with

the primary sources of legitimacy placed economic policies at the mercy of one or two leaders in an absolutist arrangement or to a more dynamic elite competition in an oligarchic arrangement.

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