

**Human Rights and Economic Growth: Why the Real China Model  
MAY be Desirable in a Post- Fidel Transition.**

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\*Department of Economics, University of Maryland, College Park, MD 20742. [betancou@econ.umd.edu](mailto:betancou@econ.umd.edu) Some of the ideas in this paper are an outgrowth of discussions that arose in presentations of a related one at Hong Kong Science & Technology and at the University of Hong Kong. I am thankful to the participants for the intellectual stimulation, especially Alan Siu, as well as to Tanjim Hossain and Keith Wong for the invitations. Additional intellectual stimulation for these ideas was provided by lengthy conversations with Madame Geok Choo Ho in Singapore, Haiying Zhao in Beijing and my co-author on the earlier related paper, Ariel BenYishay. These ideas were first presented in a somewhat systematic manner at the 2007 ASCE meetings where Lorenzo Perez, the discussant, also provided useful comments. Ariel BenYishay and Ernesto Betancourt provided written comments on the current version. Any blame for what follows, however, remains with the author.

## Introduction

In this paper we draw out the implications of a nascent literature on the unbundling of institutions for Cuba's possible transitions, and more specifically for the different economic agents that are likely to participate in the potential transitions that can take place in Cuba.

One point of departure for this paper is the general institutional literature that has brought attention to the existence of different types of markets, to the different public goods or market augmenting services provided by governments in these markets and to the important role of property rights in the process of development. In the first section of the paper we summarize the essential points made in this literature. In addition, we discuss in this section recent empirical evidence on the unbundling of institutions especially relevant for our purposes. Finally, we note other strands of related literature that impinge on our topic.

In Section II, we present some evidence on Cuba's experience with respect to the issues identified in Section I as well as on the experience in this regard of a selected number of other countries that can serve as a comparison. We draw some very broad implications for economic development suggested by these comparisons and the earlier discussion in section I. In Section III, we draw specific implications of Sections I and II for the participation of different agents (in particular hardliners, reformers, dissidents, ordinary Cubans and exiles) in potential Cuban transitions. A brief conclusion provides perspective on our main point, including caveats on its applicability.

## **I. Human Rights and Economic Growth: Recent Literature.**

In the institutional literature, North (1990) identifies two types of markets: those where transactions are self-enforcing and those where they are not. The former are characterized by few participants on both sides of the market, repeated transactions among these participants and an abundance of information about each other among the participants. The latter lack one or more of these characteristics.

Clague, Knack, Kiefer and Olson (1999) call the first type of market spontaneous. They also divide the second type of markets into two subsets: irrepressible and socially contrived. The former are markets where the gains from trade to both sides are large enough that they function at a high level of transactions even in the absence of complementary institutions, e.g., the markets for illegal goods and services. The latter are markets where the absence of complementary institutions prevents them from functioning at a high level of transactions. For, this absence leads to substantial increases in the risk to the gains from trade by participants on one or the other side of the market. These risks are such that even potentially large gains from trade can be insufficient for these markets to exist or operate at a high level of transactions where they do manage to exist, e.g., financial markets.

A complementary institution required for socially contrived markets to exist and function at a high level, according to Clague, Knack, Kiefer and Olson, is the existence of contract enforcement mechanisms. Olson (2000) argues that another complementary institution for this type of market to thrive is the absence of predation by government over citizens. Betancourt (2004) characterizes this necessary institution as

commitment to the rule of law and argues that protection of human rights is the best indicator of this commitment. In a separate strand of literature Acemoglu and Johnson (2005) call for the need to unbundle institutions, differentiate between property rights institutions and contracting institutions and associate the former with constraining government and elite expropriation of other groups.

Empirically, Acemoglu and Johnson (2005) go on to show that what matters for economic growth are property rights institutions, measured as Constraints on the Executive, and not contracting institutions, measured as Legal Formalism. BenYishay and Betancourt (2007) use the same methodology as these authors with the recently disaggregated indexes of civil liberties by Freedom House. This allows them to demonstrate that second generation human rights, namely those associated with economic and social choice, are far more powerful in explaining economic growth or the level of operations of investment goods markets than any other variables used in the literature. These include, among others, the measures used by Acemoglu and Johnson, first generation human rights, for example freedom of expression and freedom of assembly, and political rights.

A few other strands of literature impinge upon our topic in a more tangential way and we address them briefly before developing our arguments. One strand is the traditional human rights literature. An issue that has arisen in this literature (Romeu, 2007) is how to aggregate and relate multiple dimensions of human rights and multiple dimensions of outcomes of interest, e.g., measures of economic well being, in a sensible manner from the statistical point of view. Here the focus lies in disaggregating

dimensions of human rights and on relating each of them to the standard measure of economic well being in the economics literature. The papers discussed earlier rely on a well established procedure for addressing this issue.

In another strand of literature authors have discussed the relationship between democracy and growth, and various positions pro and con have been adopted. This is a very complex issue from which I borrow mainly a negative result for our subsequent discussion. The evidence (Mobarak, 2005) indicates that there is no direct effect of democracy on growth, only an indirect effect. That is democracy reduces the volatility of growth and volatility reduces growth, but democracy has no effect on growth per se. Our discussion below is consistent with the view that democracy is not necessary or sufficient for improving economic well being. This view does not mean, of course, that democracy is incompatible with improvement in economic well being! One recent policy oriented contribution in this general area, Feinberg (2007), puts forth a similar view when it argues that Latin America has made some progress in improving democratic institutions and poverty but lags in comparison to East Asia in improving competitiveness.

## **II. 1960 – 2003 Growth, Democracy and Human Rights for Selected Countries.**

In this section we probe deeper into the results reported in the previous one through a more detailed discussion of the experience of five countries in three dimensions, i.e., economic, political and civil. These countries are Cuba, China, Singapore, The Dominican Republic and Venezuela. The first two were not included in the set of countries analyzed statistically by Acemoglu and Johnson (2005) or BenYishay and Betancourt (2007); the last three were part of their samples. Our focus

is on Cuba but we selected the other countries to illustrate various points that seem to be missing from informed discussions of the relation between democracy, human rights and economic growth before drawing implications for Cuba's possible transitions.

Table 1 presents data for these five countries on all three dimensions. The scores on the first three columns of the table represent evaluations by Freedom House experts of the extent of formal and informal political rights in these countries in 2006. One can think of these political rights as representing three different dimensions of democracy. Electoral process (column A) captures the extent of free and fair elections and election laws for various offices; political participation (column B) captures the extent to which ordinary citizens and minorities are able to participate in various aspects of the political process; functioning of government (column C) captures the quality of governance in terms of responsiveness of policies to the people or their representatives, accountability and transparency and lack of corruption.

Both China and Singapore score much lower than the Dominican Republic on these three political rights, which can be viewed as identifying important dimensions of democracy, and both of them grew much faster than the Dominican Republic during these four plus decades. Thus, high levels of democracy by these measures were not necessary for higher levels of economic growth in these countries. Venezuela scores much higher than China in all three dimensions and higher than Singapore in two of these dimensions while experiencing negative economic growth during these four plus decades. Hence, moderate levels of democracy are not sufficient for economic growth in this country. This illustration together with the related results summarized in the previous

section lead to

*1. In discussions of Cuba's transitions one should keep in mind that democracy may and should be valued for its own sake, but linking it positively to economic growth is not warranted on the basis of available evidence.*

The scores on the next four columns of Table 1 (D-G) are the evaluations by Freedom House experts of the extent of formal and informal civil liberties in these five countries in 2006. One can think of these civil liberties as three dimensions of human rights (D, E and G) plus a related but heterogenous category (F). Freedom of Expression (D) captures the extent of freedom of expression and belief available to media, religious and academic institutions as well as to individuals in their private spheres. Freedom of Assembly (E) captures the extent of freedom of association and of organizations to pursue their interests collectively. These two subcategories correspond closely with two dimensions of what have been called first generation human rights.

Individual Rights (G) captures mainly the extent of economic and social rights available to individuals in a society. These correspond to the main dimensions of what have been called second generation human rights. Rule of Law (F) is a heterogenous category that captures the extent to which a crucial mechanism for application of the rule of law exists in a society in the form of an impartial judiciary as well as three other aspects of civil liberties: namely, the application of the rule of law to procedural issues; the prevalence of law and order; and the prevalence of non-discrimination against population segments by the government.

Table 1: Political Rights, Civil Liberties and Per Capita Income in Selected Countries

<i>Country</i>	<i>A:EP</i>	<i>B:PP</i>	<i>C:FG</i>	<i>D:FE</i>	<i>E:FA</i>	<i>F:RL</i>	<i>G:IR</i>	<i>1960 Y</i>	<i>2003 Y</i>
Cuba	0	0	1	2	2	1	2	5,000	2,000
China	0	1	1	4	2	2	7	700	5,000
Singapore	4	6	7	9	4	8	12	2,000	23,000
Domin.Republic	11	13	8	15	11	9	11	2,000	6,000
Venezuela	10	8	5	11	7	5	8	8,000	5,000
Maximum	12	16	12	16	12	16	16	NA	NA

EP stands for electoral process; PP stands for political participation; FG stands for functioning of government; FE stands for Freedom of Expression; FA stands for freedom of assembly; RL stands for rule of law; IR stands for individual rights; 1960 Y and 2003 Y refer to the per capita income (PCI) of the country in these two years measured in 1996 PPP \$. For every country other than Cuba the figures are taken from the World Bank (2005). Cuba's figures are the author's estimates described in the text. The other numbers in the table are from Freedom House (2006), which provides disaggregated measures for political rights (A, B, C) and civil liberties (D, E, F, G) subcategories. Maximum represents the highest possible score on a subcategory and NA means not applicable.

Both China and Singapore score substantially lower than the Dominican Republic or Venezuela in subcategories D and E; yet, the former countries have experienced substantially faster economic growth than the latter countries during these four plus decades. Protection of first generation human rights at a high level, therefore, does not

seem to be a requirement for fast economic growth. Thus,

*2. In discussions of Cuba's transitions one should keep in mind that first generation human rights (in particular freedom of speech and freedom of assembly) may and should be valued in their own right, but linking them positively to rapid economic growth is not warranted on the basis of the available evidence.*

Singapore and the Dominican Republic score clearly higher than Venezuela on category F, but China scores substantially lower than the other three countries on category F. Thus, it is difficult to see the necessity of the elements of F for fast growth. Finally, we see that Singapore scores slightly higher than the Dominican Republic (and both of them score higher than the other two) on economic and social rights (G) while China scores only slightly lower than Venezuela on these rights. This evidence and the far superior statistical performance of category G in explaining variations in the level of per capita income summarized in the previous section lead to

*3. In discussions of Cuba's possible transitions one should keep in mind that moderate and high levels of second generation human rights (in the form of economic and social choices available to individuals), while not sufficient for rapid economic growth, are necessary for rapid economic growth.*

Before moving to the next section to consider alternative transitions, it is useful to complete our discussion of Table 1. The reader would have noticed that no mention has been made of Cuba's scores up to this point. While the numbers for Cuba on items A-G come from the same source and were assigned on a consistent basis, the numbers for per

capita income for Cuba are not from the same source as for the other four countries and we need to discuss how they were calculated. Nevertheless, we should state the punch line at the outset. There is little doubt that Cuba's GDP per capita has decreased between 1960 and 2003.

For the 2003 estimate we begin with an estimate of \$2,200 in 1990 PPP reported by Human Development Report in 1993 and discussed in Betancourt (1996). There seems to be a general consensus among those who follow the Cuban economy in detail that the 1989 standard of living that was lost as a result of the end of the Soviet subsidies and the collapse of the Wall was not recovered, at best, until 2003.<sup>1</sup> Perez- Lopez (2006) cites Cuban economist Jose Luis Rodriguez in support of this view and arrives at a similar conclusion based on his analysis of Cuban statistics. Ritter (2006) concludes along similar lines based on information from the Economist Intelligence Unit. Finally, Mesa-Lago (2007) reports Cuban electricity generation of 16 billion of KW hrs in 1989 as well as the same number in 2003 and 2004! Since we rounded the numbers of the other countries to avoid giving a false sense of precision even with the World Bank data, we did the same with the Cuban estimate and arrived at \$2,000. But the reader can substitute \$3,000 for this estimate and it would not change the main point of our argument.

For the 1960 estimate, we begin with Dudley Seers (1966) number of \$500 per

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<sup>1</sup> Incidentally, this year coincides with the beginning of substantial economic help from Venezuela and has been referred to as the end of the special period by some.

capita income in current \$ at the beginning of the Cuban Revolution and his statement that only Venezuela and Argentina had a higher level of per capita income at that time. Cuba is often compared to Chile, e.g., Dasgupta (1993), and Seers argument implicitly puts Chile at a lower standard of living in 1960. Thus, I took estimates of Chile's and Argentina's GNP per capita in 1979 from the World Bank's WDR for 1979 and their estimated growth rates from 1960 and calculated their 1960 GNP per capita. I then took the ratio of each country's to Cuba's estimated GNP per capita by Seers and used this ratio to obtain estimates of Cuba's GDP per capita in \$1996 PPP. This gave me an estimate of \$5944 based on Argentina's and \$4565 based on Chile's. I averaged the 2 and came up with an estimate of \$5,254 in \$1996 PPP for Cuba, which I rounded to \$5,000 to put in Table 1. Adding or subtracting a 1,000 does not change the thrust of my argument. Namely Cuba's per capita income has declined since 1960.

Cuba's performance in Table 1 is easily summarized: a dismal record on political rights and human rights with a substantial decline in per capita income during this period. A comparison with other countries in the table (especially Venezuela) leads to

*4. In discussions of Cuba's possible transitions one should keep in mind that exceedingly low levels of political rights and civil liberties over four plus decades seem sufficient (but not necessary) to generate substantial decreases in per capita income.*

### **III. Implications for Possible Cuban Transitions.**

In evaluating the implications of the previous discussion it is useful to emphasize that the third proposition is in some sense the most striking because of its positive

implications. There are three prototype transitions after Fidel's demise and numerous variants of each. Indeed, at some margins all three types can easily blend into the other types. Type I, More of what exists now with primarily superficial changes designed to make it easy for the US to reach an accommodation with Cuba<sup>2</sup> and receive the associated economic benefits; Type II, the China or Vietnam model with hardly any political rights, slightly improved first generation rights but with substantial social and economic rights; Type III, a 'democratic' transition with varying degrees of political rights and civil liberties, which I will label the 'poof' model.<sup>3</sup>

What I will do in the rest of this section is try to identify the incentives of the main agents or players participating in these transitions on the Cuban side and how these incentives may change for the Cuban players under these three different types of transitions.<sup>4</sup> First, however, I will describe the agents in abstract terms and their incentives under current conditions. These descriptions will facilitate identifying the potential changes in incentives.

**Hardliners** are individuals who have received considerable benefits during the

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<sup>2</sup> If Cuba is able to control and exploit oil deposits in the Gulf, this type could become similar to the current Russian model that was labeled by the Economist, 8/23/2007, as the neo-KGB state.

<sup>3</sup> I am adapting the term from the 'poof moment' which is attributed to Jorge Dominguez by Marifeli Perez-Stable (2007). In this case, it implies that this type of transition arises by some kind of unforeseeable event, if kindly put, or magic, if unkindly put.

<sup>4</sup> I leave it for others to address issues from the perspective of the incentives for players from the US side.

period. These benefits can be purely economic or a combination of economic and fulfillment of their preferred worldview (in terms of nationalism or their status in society). These individuals have access to varying degrees of power within the regime. Their current worldview includes a perception that reforms have important components that could lower their welfare.

In the current setting **reformers** are identical to hardliners except for two characteristics: as a class their access to power within the regime is less than that of the hardliners (even though some groups at the top of their class may have more access to power than hardliners), and they have a perception that reforms have components that improve their welfare.<sup>5</sup>

The perceived components of reforms can differ for either class of agent. In general they would involve perceived changes in their economic opportunities, in their status in society, in their ability to hold power or in their worldview (for example satisfaction of nationalistic aspirations). These two groups usually come from members of the Communist Party, or its derivative organizations, and especially from the Armed Forces, including the security services.

**Ordinary Cubans** differ from both hardliners and reformers in two

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<sup>5</sup> I am identifying incentives of various classes or groups and avoiding names of real persons. Those who are interested in names should consult Benemelis and Yañez (2007). Hardliners and reformers could be interpreted, under some circumstances, to resemble closely ‘talibanes’ and ‘raulistas’, respectively, in their terminology.

characteristics: their lack of access to power within the current regime and their inability to derive exceptional economic benefits just as a result of their participation in the regime. Obviously this group includes most citizens, including the professional classes and individuals with varying degrees of access to the outside world.<sup>6</sup>

Among people with the characteristics of ordinary Cubans, **dissidents** become a separate group of individuals because of their open challenge to the current regime. This challenge has led them to pay high costs in terms of material and personal well being.

**Cuban exiles** are individuals who may see themselves as potential members of each of the above four classes or their future variants but their defining characteristic is that in the current situation they are not able to participate openly in the affairs of the society.

Under a type I transition, after Fidel's real departure from the scene, hardliners will be driven to pursue changes that improve their economic situation without jeopardizing their power. Their incentives will be to maintain monopoly positions, providing only cosmetic changes in political and human rights of all types. Members of this class currently at the bottom of the totem pole may become reformers and push for openings in the political or economic dimension.

Reformers, on the other hand, will perceive gains from openings in all dimensions

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<sup>6</sup> This class may also contain subgroups that would want to hold hardliners or reformers accountable for the failures of the system.

and especially in the economic one, since most of them currently have lower access to power that would have limited their gains in this sphere. Some reformers currently at the top of their class, however, may become hardliners. The tension between access to the new set of economic opportunities and maintaining power and nationalistic worldviews will provide ample room for internal debates among both classes.

Ordinary Cubans are likely to derive some economic benefits from any opening in this type of transition, no matter how superficial, at least in the short-run. The main issue in their case is the depth of benefits they will have access to and the extent to which these benefits will reach all members of their class. That will be determined by the nature of the opening.

Dissidents, on the other hand, could end up much worse or somewhat better, in terms of the material and personal costs to their dissidence, depending on the impact they are perceived to have by hardliners and reformers on the new set of opportunities and the role of the international community in affecting these perceptions. In either case the material costs (in terms of the opportunity cost) of remaining a dissident would increase.

How Cuban exiles will fare under this type of transition will depend on how they perceive themselves as players in Cuban society. Those that perceive themselves as hardliners in terms of wanting access to the highest levels of power within the society are likely to be worse off as a result, since they will remain as non-participants and they may perceive their opportunities for future participation as significantly diminished.

Those who perceive themselves as reformers will also remain largely as non-

participants but a few will be able to participate in the new set of opportunities with the different classes of local players. For instance, a recent proposal by C. Saladrigas (2007) of a fund for micro and small or medium size enterprises with no strings attached other than approval by the United States and the Cuban governments would fall in this category.

Cuban exiles who perceive themselves as ordinary citizens could be slightly better off in their ability to participate. This would be the case, for example, if a type I transition enhanced opportunities for family interactions. The same would be true of professional or cultural exchanges.

On the other hand, those who perceive themselves as dissidents are likely to be worse off, since at least the material costs of actually participating in Cuba as dissidents under this transition would have increased. The personal costs in terms of risks of participating in Cuba as dissidents could go either way.

Regardless of the benefits conveyed to various participants, this type of transition is unlikely to improve political and human rights very much and, if sustained over the next few decades, it is unlikely to generate a consistent increase in the standard of living of the majority of the population. That is, there might be some economic growth, especially if substantial amounts of oil are controlled and exploited, but there will be little if any economic development. Unfortunately, given current information this type of transition is the one most likely to occur at least initially. Indeed, some might even argue that it is already occurring.

Under a type II transition, hardliners, reformers, ordinary Cubans and even dissidents are likely to benefit economically unless the reforms entailed dramatic increases in inequality. Economic conditions are sufficiently bad in Cuba, however, that the increase in inequality is most unlikely to increase poverty. In terms of other dimensions of their preferences, however, each class as well as different members within a class could fare quite differently.

Hardliners and reformers as a group would perceive their ability to hold onto power more threatened, because independent economic activity would generate a new and different source of power. Since reformers, almost by definition, perceive substantial components of benefits in the reforms relative to hardliners, they would be less threatened as a group. Within each of these groups, individual members could be affected very differently and switches from one class to another would be much greater than in a type I transition.

Ordinary Cubans would be negatively affected only in so far as they would have bought into nationalistic perceptions that may be negatively impacted by the economic liberalization associated with this type of transition. Dissidents would be better off in other dimensions as well if this type of transition created pressure to conform to international rules of behavior in spheres other than the economic sphere.

Cuban exiles are likely to be better off under this type of transition than in the current situation because of greater possibilities of open participation. Needless to say, this likelihood would become a certainty if the Cuban version of the China or Vietnam model explicitly allowed exiles to participate as these two countries have

done. The economic opening inherent in this type of transition would allow any of them to participate in the affairs of society more than before, regardless of the class they identified with in Cuba.

Levels of second generation human rights would improve substantially under this type of transition, if it actually followed the China or Vietnam model. The extent of economic opportunities available to all classes or groups would also increase under this type of transition. Levels of political rights and first generation human rights, however, are unlikely to improve at least initially.

In their insightful analysis of actual players in Cuba, Benemelis and Yañez (2007) associate Raul Castro, and thus the ‘raulistas’, with the pursuit of policies closer to the China model that would be favored by what we have called the reformers. In so far as their analysis is correct, the likelihood of a type II transition increases dramatically. Indeed, since Fidel is a fundamental rock for the ‘talibanes’, the sooner Fidel dies or is completely incapacitated the more likely a type II transition becomes; the longer he hangs on, however, the harder it will be for the ‘raulistas’ to implement their views and the more compromises they would have to arrive at with the ‘talibanes’, who are supported by Chavez and favor what we have called a type I transition.

Under a type III transition both hardliners and reformers would see their current economic opportunities, access to power and other privileges threatened. Within each class there would be dramatic realignments and attempts to reinvent themselves to fit the new situation. Ordinary Cubans would benefit in terms of greater levels of political rights and civil liberties but are likely to endure limited economic improvements in

the first couple of years. Dissidents would be better off in all dimensions and the same would be the case for Cuban exiles.

In this type of transition it is unlikely that the country would experience substantial economic growth in the first five years based on what happened elsewhere. Indeed, many variants of observed experience would lengthen the period of lack of economic growth while a few variants would shorten it. The experience of the more economically successful Eastern European countries and the Baltic countries are useful as a guide, but implementing their policies in the Cuban context is not necessarily feasible. For instance, Cuba does not have a European Union to integrate with in the long run and this factor played an important positive role in the more successful cases politically, in terms of selling the policies to the electorate, and economically, in terms of the size of the benefits.

Last but not least, what is the likelihood of this type III transition coming into being? The current inertia favors a type I transition; Fidel's actual passing favors a type II transition. If there are conflicts between the hardliners ('talibanes') and the reformers ('raulistas'), any clear winners of the conflict would impose type I or type II transitions. Thus, the model labeled 'poof' is likely to arise only as a compromise. Perhaps, after dramatic events make the need for the compromise obvious. Unfortunately, the most likely dramatic event to bring this forth is some type of bloodshed. Latent conflict under the surface has been taking place for a while.

#### **IV. Concluding Remarks: Why Following the China Model May Be Desirable.**

In the very short-term after Fidel dies it seems likely that the transition will be a type I or type II transition. An important factor in this assertion is the inherent association between nationalism and the rise of communism in Cuba. This association resembles the historical experiences of China, Vietnam and even Russia proper far more than those of former Soviet Republics, Eastern Europe or countries in the Baltic region. While for most of us who live in free societies and for many oppressed in Cuba a type III transition would be more attractive, it seems unlikely to happen. Since the perfect is the enemy of the good, I would like to conclude by pointing out the possible benefits of a **real** type II transition.

One reason for the superficial resemblance between the ‘raulistas’ and the reformers in the China model is their positive attitude toward liberalizing the agricultural sector. While the ‘raulistas’ may do it as a convenient means of fending off the ‘talibanes’ and Chavez in the short-run, it is also a first step in the adoption of the China model. This step will generate fewer benefits in Cuba than it did in China from the point of view of sustaining long term economic growth for a simple reason. China had 70-80 % of its population in the rural areas at the start of this process whereas Cuba has 20-30% at most. For instance, the Human Development Report of 2004 estimates China’s rural population in 2002 at 62% while the corresponding estimate for Cuba is 24%.

Decentralization in China provided a further impetus for growth that will not be available in Cuba, both because of the differences in sizes and in decentralizing traditions or experiences between the two countries. If pursuing the China model, Cuba’s **reformers** will be forced to consider liberalizing formally or informally some of the

individual economic rights in the Freedom House G category that affect economic mobility, e.g., the choices of employment, housing and university training. Similarly, they will also have to consider liberalizing formally or informally those individual economic rights in the G category that protect and allow the enjoyment of benefits from one's economic activities, e.g., property rights over one's physical and human capital. All measures undertaken in this direction would have an immediate and direct positive impact on the economic well being of those in Cuba.

Of course the China model is still a work in progress and no one knows where it will end up. Nevertheless, there are two powerful signals that I find encouraging as indicators of its final destination. First, one can view Singapore as a guide of where China is trying to go. Despite the size differences and the limits on democracy in Singapore, most human beings would prefer to enjoy the standard of living and the civil liberties and political liberties available to Singapore citizens than those available in most 'developing countries' and especially so in comparison to China and Cuba. Second, current public statements by high level Chinese leaders commit them to improve the material or economic well being of all of China's citizens as a primary goal of the state and without conditionality. Such an unconditional public commitment to this goal has been and is notoriously absent from the rhetoric of all current Cuban leaders.

Impatience would lead some to speculate that the improvements associated with the China model may retard the coming of democracy. While this is possible, it also requires mechanisms that limit political and economic competition at all levels of society. Thus, it suggests vigilance and support for mechanisms that keep both types of

competition open whenever possible by dissidents and supporters of democracy during the evolution of this process.

If one looks at the possible scenarios recently put forth by scholars specializing on Cuba, for example in Perez-Stable (2007), most of them discuss potential evolutions of some kind within their scenario. One of the aspects of the real China model that is attractive to me is that there is a limit to how much of these economic and social choices or second generation human rights one can have without some access to higher levels of civil liberties in first generation human rights. Thus, a true following of the China model is likely to generate an improvement in these first generation human rights in the course of any evolutionary process.

Sadly, the same statement just made about first generation human rights is difficult if not impossible to make with any confidence with respect to political rights on the basis of the available social science evidence. While an unpleasant reality, I find another even more unpleasant reality in this context. Namely, the association of one's hopes for a China model of reform with the 'raulistas' may be a mirage because the main aspect of the China model of interest to them, agricultural liberalization, could be also the only one. In that case Cuba's economic development will be set further back several decades and the improvement in economic well being and human rights noted above will not materialize any time soon.

To conclude on an even more speculative vein, some of those in the class of reformers or hardliners may be very unhappy with their relative position in the current hierarchy. If so, they could initiate and perhaps succeed in some internal power

struggle. The most likely actors of this type would come from two sources. First, lower level military officers with some access to power who have been blocked from major material or career benefits by Raul's insistence on loyalty above all else. This feature often leads to mediocrity rising to the top of the hierarchy. Second, current hardliners with some access to power who have retained some independence of thought and managed to survive Fidel's despotic and egotistical behavior as a leader. Fidel's leadership style has generated a superabundance of yes men in the ranks of the hardliners.

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