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THE U.S. TRADE EMBARGO AGAINST CUBA

BY

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ABSTRACT

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Much has changed in the world since President John F. Kennedy first placed the U.S. trade embargo on Cuba in 1962: The Cold War has ended, the Berlin Wall came down, and we have diplomatic and economic relations with Vietnam, China, and former states of the Soviet Union. The spread of Marxism-Leninism has been stopped in the Western Hemisphere, and Cuba no longer poses a threat, militarily or ideologically. Castro has initiated significant reforms in the past several years, Cuba’s economy demonstrates an upward trend, and foreign businesses are beginning to invest heavily. Yet, while almost all of the United States’ allies have full relations with Cuba, and the United Nations year-after-year votes overwhelmingly against the U.S. embargo, Washington continues--thirty-four years and seven Presidents later--to tighten its sanctions against Cuba. The latest attempt to bring about "a peaceful transition to democracy"--the Cuba Liberty and Democracy Act of 1996--threatens to punish foreign companies which trade with Cuba. The U.S., now forced into coercing its friends and allies to gain support for its sanctions, has become almost totally isolated in its Cuba policy. Consequently, it is time to reconsider U.S. policy and end the Cold War with Castro.
The Issue

November 3, 1995, Associated Press: By the largest margin ever, members of the United Nations called overwhelmingly on the United States yesterday to end its embargo against Cuba. It was the fourth consecutive year that the General Assembly adopted the non-binding resolution. The vote was 117 to 3, with 38 abstentions.¹

Much has changed in the world since President John F. Kennedy first placed the U.S. trade embargo on Cuba in 1962. What has not changed, however, are the strong feelings on the opposing sides of the policy. The views of the Cuban American National Foundation (CANF) are representative of those who want the embargo to remain in place:

The U.S. embargo remains the primary non-violent policy option for influencing change in Cuba. It serves as the major disincentive for the continuation of the Castro regime. . . . The Cuban people’s suffering is caused by an inefficient system imposed on them by Fidel Castro who refuses to allow any reforms with which Cuban citizens can improve their lives. The Cuban people are suffering because Fidel Castro continues to deny Cuban citizens individual, political and economic freedom because freedom means autonomy from state control, and autonomy from state control means that the state cannot exact reprisals if you refuse to conform. And without that climate of fear--fear of losing one’s job when the state is the sole employer, fear of your children being expelled from the state’s schools--Fidel Castro cannot remain in power.²

The pro-embargo side argues that the sanctions have succeeded in crippling the Cuban economy and isolating the government. Keeping the embargo in place will hasten Castro’s departure from power.

Charles B. Rangel, U.S. Congressman from New York, represents the views of those who would normalize relations with Cuba:

I believe that few Americans hold to the view that the denial of food should be used as a weapon to bring down a government, even one that we may not agree with. Rather than remaining stuck in a dead-end posture of confrontation and isolation, we should free ourselves of the political failures and grudges of the past. There is no
argument but that the collapse of the Cuban economy is due to the fracture of the
communist economic system. But for every day that the embargo prevents us from
sharing the wealth of our fields and factories, and shackles the competitive spirit of
our own entrepreneurs, we lose another opportunity to spread our most potent seeds of
democracy.³

The United Nations General Assembly declared that it is time to lift the embargo.
Should the United States, in fact, relook its foreign policy decision made over three decades
and seven U.S. presidents ago? The answer is yes. With the collapse of the Soviet Union,
Castro's military and economic sponsor, Cuba poses no threat to the United States. It is time
to end our private Cold War with Cuba.

Origin of the Trade Embargo

Economic sanctions are penalties imposed to achieve political objectives. They are
intended to regulate human behavior—to bring about conformity with the goals and standards
of society.⁴ Embargoes are political acts representing instruments of foreign policy by which
one state tries to change the domestic or foreign policies of another—a form of nonmilitary
coercion that uses economic weapons to inflict hardships for the purpose of achieving certain
ends.⁵

What were the original political objectives or ends that President Eisenhower was
seeking when he decided to "punish" Fidel Castro in 1960 with the initial sugar embargo?
What did Castro do that didn't "conform with the standards of society?" A brief step back in
history is necessary to answer those questions.

In 1933, Sergeant Fulgencio Batista staged a coup within the Cuban military,
eliminated the senior officers, and gave himself the title of colonel. He turned over the
presidency to Ramón Grau, a prominent physician and university professor, but when Franklin Roosevelt refused to recognize Grau because of his "communist tendencies," Batista forced Grau to resign and chose Colonel Carlos Mendieta as the provisional president. Under Batista’s control a new constitution was adopted. He reinitiated free elections, later ran for president in 1940, and won a four-year term during which he governed democratically. In 1944, Batista’s hand-picked successor was defeated in favor of former President Grau. Batista retired to Florida and Grau set up an administration that was notable mainly for its corruption. In 1948, Grau was followed by Carlos Prio and hardships and corruption continued. Batista returned in 1952 and entered the presidential race. However, just prior to the election which he could have won, Batista got nervous and used the army to take control of the government.²

Though no one knew it at the time, this coup was to have a profound effect on the history of the world. If the election had been allowed to proceed democratically, perhaps one of the greatest struggles of the Cold War would have been avoided: one of the reform-minded candidates for Congress who saw his ambitions dashed when Batista canceled the vote was a young lawyer with a predilection for baseball and stylish suits named Fidel Castro. Had Batista not staged the coup, he might have been elected president, and Castro might have been elected to the Congress, and later to the Senate, and even maybe the presidency. But fate would not have it that way.³

Batista’s second period of rule was markedly different from the relative benevolence of his first term. The disparity between the wealthy and the poor grew. A quarter of the Cubans lived in poverty, with no running water, sewage, access to education, or health care. The secret police assassinated and tortured dissidents, hanging them from trees in Havana. Organized crime took over the gambling industry, with kick-backs paid to government officials all the way up to Batista.

In 1953 Fidel Castro and some 125 followers attempted a popular revolt to drive the
dictator Batista from power. The uprising failed, and Castro was captured, tried, convicted, and sentenced to 15 years in prison. He used the time to plan his next revolution. Granted amnesty after two years, he was released and exiled to Mexico. There he met the Argentine revolutionary Che Guevara, and together with eighty followers they returned to Cuba in December 1956 to begin the second assault on the dictatorship. Young Cubans from the cities and farms joined Castro, and he received favorable international press. The *New York Times* called him "The Robin Hood of the Caribbean." With popular support from Cubans who had been waiting half a century for their liberation, Castro’s guerrilla army was triumphant on New Year’s Day 1959. People all over the world, even including the U.S. government, welcomed him to power because the revolution was seen as a popular revolt against a corrupt and tyrannical regime.⁸

The U.S.-Castro relationship, however, deteriorated rapidly. Castro executed hundreds of his political opponents, and kicked out American military advisors. An agrarian reform law nationalized the Cuban sugar industry in which U.S. capital had been heavily invested. On the advice of the State Department, U.S. oil firms in Cuba stopped refining the petroleum Cuba was now purchasing from the Soviet Union. Castro responded by taking control of the refineries. President Eisenhower attempted to get Castro’s attention by reducing the amount of sugar Cuba was permitted to export to the United States. The annual quota had previously been set at a little over 3 million tons. But in July 1960, with over 700,000 tons of sugar still available the remainder of 1960, Eisenhower issued a presidential proclamation that reduced the quota to less than 40,000 tons.⁹ In turn, Castro responded by nationalizing 165 U.S.-owned businesses. He also made friendly overtures to the Soviet Union, who then sent him
weapons.

In December 1960, Eisenhower issued another proclamation that set the sugar quota for the first three months of 1961 at zero. Castro responded by kicking out the U.S. diplomats, and in January 1961, Eisenhower's last month in office, both countries broke off diplomatic relations. Subsequently, John F. Kennedy continued the pressure with his own proclamation in March 1961 that set the Cuban sugar quota for the remainder of the year at zero. The following month, the U.S. sponsored an unsuccessful invasion of Cuba at the Bay of Pigs by 1,500 Cuban exiles. Towards the end of the year, Castro proclaimed Cuba a Marxist-Leninist state and described the Cuban revolution as socialist and anti-imperialist.

For its part the U.S. Congress responded to all this with the Foreign Assistance Act of 1961 that prohibited any assistance to Cuba unless the President determined that the Castro government was not controlled by the international communist movement. The Act also authorized the President to establish and maintain a total embargo on trade with Cuba. The Organization of American States, by a vote of 20 to 1 (Havana voted against), declared that Cuba's Marxist-Leninist ideology was incompatible with the Inter-American system and that Cuba had "voluntarily" placed itself outside the OAS. President Kennedy followed this lead with a proclamation that officially imposed the U.S. trade embargo, effective February 7, 1962. Congress also officially established U.S. policy in Public Law 87-733 on October 3, 1962, declaring that:

The United States is determined--
(a) to prevent by whatever means may be necessary, including the use of arms, the Marxist-Leninist regime in Cuba from extending, by force or the threat of force, its aggressive or subversive activities to any part of this hemisphere;
(b) to prevent in Cuba the creation or use of an externally supported military
capability endangering the security of the United States; and
(c) to work with the Organization of American States and with freedom-loving Cubans to support the aspirations of the Cuban people for self-determination.\textsuperscript{15}

\textbf{The Embargo in the 1990's}

Thirty-four years later the U.S. trade embargo against Cuba is still in place and stronger than ever. Why? Has not the U.S. succeeded at its 1962 policy? The spread of Marxism-Leninism has been stopped in this hemisphere, the Cuban military cannot endanger the U.S., and the OAS reestablished diplomatic relations with Cuba twenty years ago. The Cold War between the United States and the Soviet Union ended in 1989 when the Berlin Wall came down. The Soviets stopped their annual $4-$6 billion support to Cuba in 1991--support which, for the most part, had economically negated the U.S. embargo. Why then has the United States finally not declared victory for its three-decade-old stand and lifted its sanctions? The answer is because the U.S. has changed the demands of the 1962 policy and upped the ante.

In 1992, the U.S. Congress passed the Cuban Democracy Act (CDA), a punitive measure directed at countries that traded with Cuba. The act, sponsored by Representative Robert Torricelli (D., N.J.) at the behest of the anti-Castro Cuban American lobby centered in Florida and New Jersey, had been resisted by the State Department and President Bush. After Democratic presidential candidate Bill Clinton announced that he supported tougher sanctions against Cuba, however, Bush changed his position. \textit{(Subsequently, Bush carried Florida in the election.)}\textsuperscript{16} The CDA removed the 1962 references to Marxism-Leninism and military threat and replaced them with:
The Congress makes the following findings:
The government of Fidel Castro has demonstrated consistent disregard for internationally accepted standards of human rights and for democratic values, . . . restricts the Cuban people’s exercise of freedom of speech, press, assembly. . . . The Cuban people have demonstrated their yearning for freedom. . . . The Castro government maintains a military-dominated economy. . . . Efforts to suppress dissent through intimidation, imprisonment, and exile have continued.\textsuperscript{17}

This was true enough, but many observers could not help but note that the word Cuba could as easily have been replaced with China, Vietnam or North Korea. The United States had over a decade ago recognized Red China. Today, despite that country’s communist form of government, documented human rights violations, and repression of democratic yearnings, China enjoys Most Favored Nation trading status.

In February 1994, moreover, President Clinton lifted the trade embargo against Vietnam, declaring that it was "the best way to ensure cooperation . . . and continue getting the information Americans want on POW’s and MIA’s."\textsuperscript{18} In July 1995, Clinton extended full diplomatic recognition to Vietnam, describing it as "a step towards putting the U.S. on an equal footing with foreign trade competitors."\textsuperscript{19} Also, the Clinton Administration has begun rapprochement with North Korea in an effort to maintain stability in that region.

Why hasn’t President Clinton taken similar action with Cuba as he did with Vietnam or as Presidents Nixon and Carter did with China? One answer is that he has no legal authority to do so. Congress purposely tied the President’s foreign policy hands with the Cuban Democracy Act. Congress did not stop with a mere statement of policy: "to seek a peaceful transition to democracy and a resumption of economic growth in Cuba through the careful application of sanctions directed at the Castro government and support of the Cuban people."\textsuperscript{20} Rather, Congress specifically spelled out the conditions under which the President
The President may waive the requirements of section 1706 [Sanctions] if the President determines and reports to the Congress that the Government of Cuba --

1. has held free and fair elections conducted under internationally recognized observers;
2. has permitted opposition parties ample time to organize and campaign for such elections, and has permitted full access to the media to all candidates in the elections;
3. is showing respect for the basic civil liberties and human rights of the citizens of Cuba;
4. is moving toward establishing a free market economic system; and
5. has committed itself to constitutional change that would ensure regular free and fair elections that meet the requirements of paragraph (2).

**The Driving Force Behind U.S. Policy**

The powerful Cuban American lobby succeeded once again in dictating U.S. foreign policy towards Cuba by having their loud and rich voice heard in Congress. There was no such organization strong enough to stop U.S. efforts towards China and Vietnam. Rather, business and trade organizations led the way to normalization with those countries. Business, trade and other interest groups are now beginning to similarly step up their pressure on efforts towards Cuba, but to date have failed to be heard over the Cuban American lobby.

Corporate executives in recent months have spoken out publicly against the embargo, testified before Congress, and had private meetings with Clinton Administration officials. They are "complaining that the embargo forces them to stand by as foreign competitors lock up an attractive market.... Why do we have one policy towards North Korea, another for Vietnam, another for China, but complete coldness for Cuba?"22

U.S. businesses are, in fact, losing out on billions of dollars of trade. Estimates of business potential are as varied as predictions of Castro's longevity. The consulting firm
Cuba Research Associates estimates that U.S. trade could top $1 billion in the first year after the embargo is lifted. The Center of Strategic and International Studies estimates $5.5 billion in two years, and a Smith College economist put investment potential at $10 billion over five years.23

Administration officials, finding themselves confronted publicly, are having to defend the embargo policy. During a pep talk to corporate executives concerning Latin American trade, Alexander Watson, Secretary of State for Inter-American Affairs, stated that "European and Asians are knocking on the door--the game is on and we can compete effectively, but it will be a big mistake if we leave the game to others." When asked if his comments on free trade in the hemisphere applied to Cuba, Watson answered, "No, not for now.... Cuba is a special case."24 Some businessmen, however, are positioning themselves at the starting line. According to the U.S.-Cuba Trade and Economic Council, a non-profit organization discreetly supported by major American companies, and headquartered at Rockefeller Plaza in New York City, some 500 American business people visited Cuba in 1994, and it was double that in 1995.25 Tycoons like Ted Turner, Pierre Cardin, and Lee Iacocca have been frequent dinner guests of Castro. During such meetings, Castro "vows that he will never abandon socialism, but promises to continue holding open an economic window to the breezes of the free market."26

While U.S. businesses are waiting at the starting line for investment permission from their government, foreign investors are climbing through Castro's economic window. By the end of 1994, Cuba had signed deals for 185 foreign joint ventures.27 Among the largest was the Cuban phone system deal made by Grupo Domas, a holding company of Mexican
billionaire Javier Garza. For an initial $200 million of a promised $700 million, he received 49 percent of the Cuban telecommunications franchise, a 12-year concession, and an option to renew for up to 55 years. Garza later sold 12 percent of those phone holdings to Stet, the Italian state telephone system that outbid Bell Canada and Spain’s Telefónica. Garza is also negotiating with the Cuban government to develop 8 miles of pristine Caribbean beachfront and an industrial park near the Havana airport.28

The Canadian-based Sheritt, Inc., a multinational conglomerate, took over the Soviet Union’s position as Cuba’s largest nickel customer. Sheritt now owns 50 percent of a Cuban ore deposit that it expects will supply it with nickel and cobalt for the next 25 years. That venture earned $14.3 million on sales of $131 million in its first quarter of operation. Sheritt has also expanded into oil and gas production, and the Cuban government now buys all the oil it produces—almost 2,800 barrels a day.29 In addition to Sheritt, approximately 40 other Canadian companies have opened offices in Cuba. According to the Canadian Embassy in Havana, 17 joint ventures have been signed and 20 more are under negotiation. Among those business deals are a copper-gold mine, a gold deposit, licenses to five pharmaceuticals, and 11 hotels with five-star services. The Canadian Pizza Nova chain opened its third outlet in January 1996—a slice and a Coke for $2, in U.S. currency only—and will open four more this year. Individual Canadians also are the largest contributors to Cuba’s rapidly expanding tourist industry. Fifty-four planes a week are expected to take 200,000 travelers to Cuba in 1996.30

Club Med is also about to open a resort in Varadero Beach, where rich "gringos" such as the DuPont family once owned a whole peninsula complete with pet iguanas. "Cuba is
what everybody is talking about," according to Serge Trigano, Club Med chairman.31

Besides U.S. businesses complaining over lost investment opportunities, medical and health associations are also exerting pressure and lobbying the Clinton Administration. Their concerns are not economics, but rather, human lives; they report that Cuba’s imports of medicines and medical supplies have declined by about 40 percent:

The United States is killing Cubans every day. The victims are mostly over 65, and they are dying from such diseases as TB, influenza, and pneumonia. . . . Between 1989 and 1993 there was a 79 percent increase in flu- and pneumonia-related deaths due to the shortage of antibiotics. Since the Cuban medical system is giving priority to women, children, and old folks, working-age men are bearing the brunt of the shortage. . . . Additionally, 14 percent of Cuban children suffer from asthma, but inhalers and medication are virtually impossible to obtain.32

International Opposition to the Embargo

In addition to the overwhelming United Nations’ vote against the U.S. embargo, the list of those who oppose the unilateral policy and are speaking out is growing. The majority of Latin American countries ignore the embargo and have chosen to develop full economic and diplomatic relations with Cuba. In June 1995, foreign ministers at an OAS meeting in Haiti called for reinstating Cuba’s membership in the organization. Latin America’s new independence from Washington is based on several factors: "a strong drive toward regional economic integration, the end of Cuban support for leftist guerilla groups in the area, and the end of Cuba as an ideological challenge."33 César Gaviria Trujillo, Secretary General of the OAS, stated that "until now, the policy of all or nothing has not gotten us anywhere."34

François Mitterrand, former President of France, described the U.S. policy towards Cuba as "stupid." In March 1994, he invited Castro to Paris to speak to the French legislature
and top business leaders.\textsuperscript{35}

A British Member of Parliament, Baroness Janet May Young, visited Cuba in 1995 along with a group of influential parliamentarians and businessmen. She "promised to open markets in 15 European countries as an alternative to the U.S. market."\textsuperscript{36}

Canada, in 1994, ended that country's sixteen-year ban on official aid to Cuba with a $1-million package of development and humanitarian aid.\textsuperscript{37}

The nation's editorial pages also voice their opposition to the current policy. In USA Today: "Using capitalism to bring about democratic change in Cuba makes more sense than the failed three-decade-old strategy of political isolation and economic strangulation that has succeeded in producing an unending flow of Cuban refugees to our shores."\textsuperscript{38} In the New York Times: "With the end of the cold war, Cuba poses no security threat to the U.S., yet the sanctions on Havana are tighter than those imposed on Iraq."\textsuperscript{39} In the Wall Street Journal: "American policy should be aimed at encouraging democratic change in Cuba... If America can manage relations with Vietnam and China, surely we can find a more sophisticated way of dealing with Mr. Castro."\textsuperscript{40} In the Christian Science Monitor: "The U.S. should consider how to help Cubans achieve economic freedom--especially when such freedom might also prompt political change."\textsuperscript{41} In the Washington Post: "International trade and the exposure of Cuban citizens to the advantages of capitalism would do more to move Cuba away from communism than has a 30-year U.S.-led embargo."\textsuperscript{42} Similar comments can also be found routinely in the Los Angeles Times, Boston Globe, Chicago Tribune, and Atlanta Constitution.

A 1995 report commissioned by the Pentagon also, reportedly, disagrees with the
embargo strategy. The 300-page study, entitled "The Military and Transition in Cuba: Reference Guide for Policy and Crisis Management," was edited by Nestor Sanchez, a former CIA official who served in both Reagan administrations as Deputy Assistant Secretary of Defense for International Security Affairs. According to Peter Kornbluh of the National Security Archive, "the message in the report is clear: it is in our interest to use our considerable influence to support economic and political reform through positive incentives, not punitive sanctions."43

Former President Nixon, who enforced the trade sanctions during his 1969-1974 presidency, also disagreed with the embargo in his later years. In his 1994 manifesto, "Beyond Peace" he wrote:

The plain fact, painful though it may be, is that after thirty-five years of Castro’s rule, the hard line against him has failed to get rid of him. It is time to shift the central focus of our policies from hurting Cuba’s government to helping its people. . . . to build pressure from within by actively stimulating Cuba’s contacts with the free world. We should put the challenge squarely to Castro: If he wants his people to prosper, then let him open the door to goods and ideas. If he opens it, then he opens it also to the winds of freedom.44

**Opposition in Miami**

The Cuban American community is also becoming more divided over the embargo issue. A 1993 poll of Cuban American opinion for Florida International University showed 85 percent in favor of tightening the embargo; 60 percent were even in favor of an American invasion.45 However, an April 1995 survey conducted by the same university showed that 63 percent of Miami-area Cuban Americans now favor negotiations with Castro.46 Jorge Mas Canosa, who formed the Cuban American National Foundation in 1980 which today claims
200,000 members, is increasingly being challenged about his claim to speak on behalf of
Cuban-Americans. He angered many followers when he supported President Clinton’s
decisions to send 1,800 Cuban exiles to Guantánamo Bay Naval Station in summer 1995, and
also ban the $100 per month that Cuban Americans had been permitted to send to relatives in
Cuba. Many Cuban Americans support Eloy Gutierrez Menoyo, who in 1993 formed Cambio
Cubano, a group favoring a more measured policy towards Cuba, to encourage a phased-in
democracy. Gutierrez Menoyo claims that his organization cannot get a hearing in
Washington because it has less money and political influence than Mas Canosa. Gutierrez
Menoyo claims that:

Mas Canosa is promoting the destruction of Cuba so he can go in after Castro, buy
everything in sight and declare himself President. . . . A lot of Cuban Americans are
questioning not only Clinton’s policy but are getting mad at the leadership of the
Community that is linked with that policy. . . . We want the people [of Cuba] to
emerge from this with their lives, liberty and their rights. The measures that Clinton is
taking serve only to make 11 million Cubans--everyone except Castro--suffer.47

Antonio Veciana, co-founder of Alpha-66, an anti-Castro paramilitary group, also has added
his support for some type of compromise with the Cuban leader.48

Gutierrez Menoyo also has credibility with Cuban Americans. In the 1950’s he fought
as Castro’s ally against Batista. In 1961, he broke with Castro over the latter’s refusal to hold
free elections. He left Cuba that year and co-founded Alpha-66 in Miami, only to return in
1964 in a failed attempt to touch off an anti-Castro insurrection. Captured and jailed for 22
years, he was beaten so severely while in prison that he lost the sight in one eye and the
hearing in one ear. In 1986, the Prime Minister of Spain intervened to win his release.
Gutierrez Menoyo returned to Cuba in 1995 and met with Castro for four hours, the first time
Castro had received a leader of an exile opposition group. Gutierrez Menoyo asked Castro for permission to bring his Cambio Cubano organization to Cuba as an opposition party. Gutierrez Menoyo’s efforts were praised by Richard Nuccio, the State Department’s Cuba adviser to President Clinton. He has also met with Mexican President Zedillo, several Central American heads of state, and Morton Halperin, White House National Security Aide. ⁴⁹

**New Castro Reforms**

In addition to the foreign joint business ventures, Castro has taken other reform actions in the economic arena. In 1993, he decriminalized foreign currency and allowed a partial dollarization of the Cuban economy. He followed that with a program of limited self-employment, private markets, and semi-private farm cooperatives with agricultural markets. ⁵⁰

In September 1995, Cubans were authorized to open bank accounts using dollars and other foreign currency; interest will be paid based on market rates. Cubans who earn money in dollars and other foreign currency also started paying a personal income tax in January 1996. According to the Minister of Finance and Prices, the tax would "permit a redistribution of income to fit social programs that benefit all the population, with a greater contribution from those with superior economic capability." ⁵¹

Also in 1995, marking another shift in Castro’s move toward the free market, the Cuban parliament passed a new investment law that allows foreigners to own 100 percent of their business, to include a long lease on the land. That action was taken when the joint ventures failed to bring in foreign capital fast enough. The measure contains a guarantee that properties won’t be expropriated for other than reasons of national interest, and then only with compensation. The law also authorizes the creation of duty-free zones and Mexican-style
assembly plants where foreign companies can manufacture for export. Excluded is investment in the areas of defense, national security, public health, and education.\textsuperscript{52}

With over $1 billion worth of foreign investment, a $1.5 billion tourist industry, and new economic reforms, what is the current state of the Cuban economy? The United Nations’ Economic Commission for Latin America and the Caribbean (ECLAC) reported the following in its 1995 report:

Cuba made significant progress in 1995 under its new macroeconomic policy aimed at strengthening a pattern of development based on greater and more competitive integration into the global economy. . . . Liberalization, deregulation and government downsizing measures have created a new basis for productive activity that should give enterprises greater autonomy in managing their operation. . . . Within the framework of a foreign trade policy tending towards decentralization, in mid-1995 some 260 firms made direct foreign purchases and sales, compared to only 50 firms in 1989. . . . Part of the economy is still operating on the traditional model based on a non-convertible currency, while a parallel "dollarized" economy with a strong market orientation is growing in importance.\textsuperscript{53}

The commission also reported that Cuba’s total Gross Domestic Product (GDP) is in an upward trend: -14.9 percent in 1993, 0.7 percent in 1994, and a projected 2.5 percent in 1995. The per capita GDP for the same period also increased from -15.6 percent to -0.1 percent to 1.7 percent.\textsuperscript{54} (A 1996 article in Canada’s \textit{Maclean’s} magazine also reported a Cuba GDP of 2.5 percent in 1995, with a projection of 5 percent this year.)\textsuperscript{55}

Castro has also initiated reforms in other than economic areas. The Catholic Church has been allowed to become more active. The Archdiocese of Havana was permitted to form a Justice and Peace Commission to investigate human rights abuses and also permitted to publish a newsletter, one of the few publications not controlled by the government.\textsuperscript{56}

Constitutional reforms and the electoral law enacted in 1992 also gave Cubans more voice in
the political process, and established a legal framework that could bring major changes to the political system. In previous elections, Cubans voted for representatives to municipal assemblies, who in turn selected the provincial assemblies which then selected the National Assembly (parliament). In the 1993 election, Cubans for the first time voted directly for their national legislator, a move toward representation and away from centralism. Eighty-three percent of the legislators elected are serving for the first time, and they include large numbers of young people, women, and colored Cubans. Their "accountability" to the voters--their 6-year elected term--ends in 1998. To some, the vote suggests Cuban support for the government:

Right-wing Cuban American broadcasts from Miami urged Cubans to reject Castro's regime by not voting or defacing their ballots. But more than 90 percent of eligible voters did vote, and fewer than 10 percent of the ballots were defaced or left blank. Despite the fact that most U.S. media outlets never mentioned the Cuban election, many American scholars and researchers saw it as a referendum affirming the Cuban government.

In short, Castro has also allowed changes to the Cuban landscape. Photos of himself no longer dominate the streets and buildings. Public photos of Che Guevara are now more common, and representations of José Martí (1853-1895), the poet and revolutionary, far outnumber Castro and Che combined.

U.S.-Cuban Relations Today

One cannot deny that Castro has initiated significant reforms in the past several years, albeit in the name of survival. One could also argue that with foreign support (especially investments), the economy has turned around, and the United States is becoming an isolated
non-player. How then should the U.S. President and Congress respond? In October 1995, President Clinton announced some of the same democratic-promotion efforts that the U.S. successfully used in Eastern Europe in the 1970s and 1980s. He authorized: U.S. news organizations to open bureaus in Cuba and Cuban reciprocation; humanitarian and human rights organizations to send help to their counterparts in Cuba; easier academic and cultural exchanges; easier travel for Cuban Americans to the island for family emergencies; and Western Union to open offices in Cuba for the wiring of emergency cash to relatives. He also announced a $500,000 grant to the human rights organization Freedom House to print and distribute in Cuba pamphlets and books on democracy, human rights and free-market economics. These proactive initiatives to allow Cubans to gain wider exposure to American ideals drew strong fire from Congress and hard-line Cuban exile groups in Miami. Castro’s response was circumspect and cautious.

Rather than relaxing sanctions, Congress responded to Castro’s reforms by initiating the Cuban Liberty and Democratic Solidarity Act, a law that would significantly tighten the embargo and aimed specifically at driving foreign investors from the island. Also called the Libertad Act, the Spanish word for liberty, or the Helms-Burton Bill after the two Republican sponsors, the legislation would allow U.S. citizens whose property was confiscated by Castro’s government to sue in U.S. courts any foreign company that profits from those properties. The act would also: bar executives of those foreign companies, and their families, from obtaining U.S. visas; restrict aid to former republics of the Soviet Union if they trade with Cuba; urge the President to seek an international embargo against Cuba in the United Nations; and ensure that no future president can ease sanctions against Cuba without an act of
Congress. An amendment to allow U.S. companies to sell medicine and staple foods to Cuba was defeated. Opponents of the bill knew they had no hope of prevailing, as the Cuban American National Foundation put its considerable muscle behind the legislation.\(^{61}\)

President Clinton's threat of a veto resulted in the Senate dropping the "right to sue" provision from their bill, which forced it back into a joint committee for resolution. Secretary of State Warren Christopher and other Administration officials explained the reasoning behind the threatened veto:

> The bill would damage prospects for a peaceful transition in Cuba and jeopardize a number of key U.S. interests around the world. . . . It increases the likelihood of a violent explosion. . . that could not only cause many deaths and a flood of refugees, but could also force the U.S. to send troops to Cuba. . . . [It ties] the President's hands by setting strict requirements on when the U.S. could resume aid to Cuba once it has a government moving toward democracy.\(^{62}\)

The outcome of the Helms-Burton Bill was uncertain until February 1996, when the Cuban military shot down two American planes, killing four Cuban Americans. The unarmed civilian crafts were piloted by the Cuban exile search-and-rescue group Brothers to the Rescue. Castro claimed they had flown into Cuban airspace, and the U.S. claimed they were over international waters. Congress and President Clinton acted swiftly. The U.N. Security Council voted to "strongly deplore" the Cuban action, although the U.S. had asked for tougher "condemn" language. In less than two weeks, Congress resolved its differences over Helms-Burton and overwhelmingly passed it. The bill contained all the original provisions, including the "right to sue" rule. In a concession to gain the support of the Administration, Congress added a provision to give the President the right to waive that rule every six months to keep the courts from being choked with lawsuits. President Clinton, forced into a political corner
by the Republicans and mindful of the critical necessity of winning the Florida vote in the November election, signed the Cuba Liberty and Democracy Act. Consequently, it now constitutes the official U.S. policy towards Cuba.

**Continued Opposition to U.S. Policy**

International opposition to the Helms-Burton Bill was voiced throughout the 1995 formulation process and initial voting. In spite of the shootdown of the planes by Cuba, opposition to the new U.S. policy grew even louder. Allies and foes alike reacted strongly. The European Union, which accounts for 45 percent of Cuba’s foreign trade, said the measure violated international law. The 14-nation Caribbean Community agreed. Russia’s parliament stated that it was "alarming" that the U.S. would impose its law on other countries. Canada and Mexico, partners with the U.S. in the North American Free Trade Agreement, said that the bill violated NAFTA’s free trade rules and the new World Trade Organization. Their Ambassadors, in letters to Congress, warned of retaliation. Britain and France protested, saying the U.S. had no right to interfere in their trade with a third country. China also insisted that no country had the right to impose its domestic law on another.

The new policy is also strongly opposed within the United States by most of the corporate giants, the U.S. Chamber of Commerce, the Association of Exporters and Importers, and the U.S.-Cuba Trade and Economic Council. Senator Christopher Dodd, leader of the Democratic minority that opposed the bill and general chairman of the Democratic Party, declared that "the heart of this bill is special interest par excellence." He also said the bill would create special rights for Cuban Americans that are not extended to citizens of other countries where property has been confiscated. Major newspaper and magazine editors have
also continued to print views opposing the new U.S. policy.

Cuba Policy Out of Step With National Security Strategy

The U.S. policy towards Cuba, as legislated by Congress in 1992 and now in 1996, contradicts the U.S. government's official National Security Strategy. That document, signed by President Clinton, states that U.S. national security is based on "international engagement" and "enlarging the community of market democracies." The United States is not following that strategy when it refuses to "engage" the Cuban people because of who their leader is, and it is not "enlarging democracy" in Cuba when it legislates, coerces and punishes foreign countries. The National Security Strategy further states that "democracy and economic prosperity can take root in a struggling society only through local solutions carried out by the society itself." The U.S. policy and trade embargo creates barriers to Cubans' ability to prosper. The right to self-determination should be made by Cubans living in Cuba, not Miami. The Western Hemisphere section of the strategy document states that "our goal is the peaceful establishment of democratic governance for the people of Cuba." That U.S. goal is right and proper, but are the present policies the right strategy—the correct ways to obtain those ends?

Time to Review

In China and Vietnam, the U.S. strategy has been to establish economic relations first, accept the current authoritarian regime, and work towards democratic reforms later. In Cuba, the United States has demanded democracy first and the ouster of the regime, and especially its leader. That strategy has not worked since first implemented in 1962, and there is no
evidence that it will work today, at least not through peaceful means. Threats to foreign
countries and their businesses have been tried before, and have not succeeded. In October
1962, at the height of the Cold War, Congress passed legislation to withhold foreign aid from
countries that shipped goods to or from Cuba. President Kennedy also encouraged maritime
unions to boycott ships on the government blacklist because of their trade with Cuba. In
1963 Kennedy pressed NATO countries to embargo Cuba; they agreed to embargo military
items but continued all other economic trade. None of these tactics worked. Threatening
allies again today will only cause bitterness and could easily result in retaliation. It is
probable that foreign companies, which have already invested millions of dollars in Cuba, will
continue to ignore the embargo and Helms-Burton. Ian Delaney, CEO of the Canadian
Sheritt, Inc., stated that "the U.S. sanctions are really just an irritant to us." It would also
not be in the U.S. national interest if international agreements and fragile trade organizations
such as GATT, NAFTA, and the WTO fell apart.

The President of the Inter-American Dialogue, an independent, multi-partisan assembly
of leading citizens from throughout the Americas, has stated that it is time for the United
States to conduct a serious review of its policy toward Cuba.

Since the end of the Cold War—in the world, in the Western Hemisphere, in Cuba—it is hard to imagine how a policy devised to keep Cuba from becoming a platform for
the projection of Soviet power into this hemisphere could be relevant today, or worse
yet, so obviously relevant that it needs no review... and after 30 years, the old policy
has not achieved its goal; Castro remains in power.

For over three decades, the United States has tried to strangle Cuba’s economy in the
hope that the resulting pain and discontent would provoke a revolt against Castro. Previous
tightening of sanctions has not been effective, and the new Helms-Burton law is not likely to bring down Castro either. According to a Research Professor of National Security Policy at the Strategic Studies Institute of the U.S. Army War College, Castro’s survival is in no danger:

Socio-economic hardship alone is not enough to create a revolutionary situation. A mass uprising is improbable for a number of reasons. The security apparatus suppresses dissent and prevents the formation of an organized opposition. Cuba is one of the most militarized societies in the world. The constitution has been revised giving Castro tighter control over the military. The Cuban elite has no collective interest in Castro’s ouster. If Fidel goes and the regime collapses, they lose their power, privileges, and, perhaps, their lives. In short, life with Fidel may be hard, but it is all most Cubans know.

Economic and political transitions are already underway in Cuba, and Castro has enough popularity and power to survive. The new U.S. policy continues to serve as good propaganda for Castro: the U.S. cares more about the property rights of U.S. citizens than allowing food and medicine to reach Cubans. Tightening sanctions only makes the "yanquis" scapegoats for Castro’s problems, allowing him to wrap himself in the Cuban flag and fan the flames of nationalism. It also bolsters Castro’s support among those Cubans who fear they might be thrown out of their homes by Miami Cubans.

Castro and his type of government may, in fact, be the correct choice to continue the transition. History suggests that in Latin America an authoritarian government may be better able to transform an economy rapidly and radically to free markets than a democracy. (Witness Fujimori in Peru and Pinochet in Chile.) As reported by a journalist at the 1994 Summit of the Americas, "If the central focus of the Summit is free trade, authoritarian regimes should be acceptable in the hemisphere as long as their economic policies are
The Inter-American Dialogue has established a Task Force on Cuba to study the U.S.-Cuba policy deadlock, with a view to identifying new policy approaches for both governments that would reduce hostilities and facilitate political and economic change in Cuba, and make a peaceful transition to democracy more likely. In the Forward to the group’s 1995 report, Peter Hakim stated that "virtually every country of the world condemns both countries—Cuba for keeping its politics and society closed, and the United States for its inflexible and unconstructive policy toward Cuba." The task force recommended the following changes to both the U.S. and Cuban governments:

To the Government of Cuba:
- hold free and fair elections, monitored internationally
- free political prisoners; repeal laws that repress dissent
- broaden economic reforms; adopt policies to qualify for membership in the World Bank and IMF

To the U.S. Government:
- reduce hostilities in relations with Cuba
  -- make clear no intention to invade Cuba
  -- condemn violent actions by exile groups
  -- permit Cuban-Americans to aid relatives in Cuba
  -- lift restrictions on shipments of food and medicine
  -- broadcast news, not propaganda, on Radio Martí
  -- cancel TV Martí; it violates international conventions
- encourage private markets and independent organizations
  -- exempt communications from embargo
  -- remove all obstacles to travel
  -- encourage cultural and scientific exchanges
  -- encourage the World Bank and IMF to work with Cuba
- promote pragmatic exchanges between the two governments
  -- make plain that reform by Cuba would be met by parallel changes in U.S. policy
  -- indicate readiness to negotiate agreements on immigration, drug traffickers, nuclear power plants, environment
- defeat the Helms-Burton legislation
  -- use the trade embargo as a bargaining chip
-- be prepared to lift the embargo, step by step, in response to specific initiatives by the Cuban government.75

The task force's recommendations are deserving of review by Congress and the Administration. While it is too late to defeat Helms-Burton, it is not too late to reevaluate a policy that has so many opponents lined up against it.

Castro and his government are accepted economically, and even diplomatically by almost everyone except the United States. The current U.S. policy is isolating the United States rather than Cuba. The United Nations voted 117 to 3 for the U.S. to lift the embargo. Almost all Latin American countries have reestablished diplomatic relations and trade with Cuba. The OAS is seriously considering readmitting Cuba. Foreign countries are ignoring the embargo and coercive U.S. measures to get them to stop trading with Cuba, and are threatening retaliation. Major U.S. business and commercial organizations, newspaper and magazine editors, and many other public leaders are blasting the policy. It appears that only the Cuban American National Foundation supports the Republican Congress' position. To date, however, the CANF has had enough support (and money) to dictate U.S. policy. That situation was starting to change but suffered an ill-timed election year setback when the Cuban government shot down two civilian aircraft over the Florida straits. Notwithstanding that setback, the forces opposing the embargo are gaining strength, and that will eventually translate into votes. It is time to reconsider U.S. policy. At a time when the U.S. is encouraging peaceful transitions elsewhere in the world, it makes little sense to continue a policy that encourages hunger, repression, and bloodshed in Cuba.

The Nation recently reported that even Pope John Paul II has called for an end to the embargo. The author of the article also took aim at the U.S. policy, noting that:
The embargo never made sense, although it once had on its side the pernicious logic of the Cold War. Now it just looks petty, cruel and stupid. For the price of the Florida vote, the Administration is held hostage by an embittered cadre in Miami—hardly a message of foreign policy strength.
ENDNOTES


7. Ibid., 46.

8. Ibid., 49-57.


24. Dillon, 1.


27. Ibid., 52.


34. Ibid., sec. A, p. 3.


48. Lacayo, 22.


55. Morris, 16.


70. Hufbauer, Schott, and Elliott, 195.

71. Andrew Willis, 58.


76. Ibid., i-ii.

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