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The fundamentals of the U.S. embargo against Cuba. National interest or political game?



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On 14 January 2011, the President of the United States, Barack Obama, announced a slight lift of the embargo that the country has applied to the Cuban regime since 1962. From now on certain U.S. citizens belonging to educational, humanitarian or religious organizations are allowed to obtain permission to travel to the island. Also, and perhaps more importantly, this policy shift extends the amount of remittances that Cuban-Americans can send to their relatives up to \$ 2,000 annually. In fact, any American citizen can send U.S. dollars to any resident of the island except to senior Communist Party members. Obama's gesture, which involves a return to the situation prior to the tenure of President George W. Bush, has been interpreted as another step towards lifting of the embargo, or at least as a step towards its questioning, and a logical continuation of the end of restrictions on travel to the island by Cuban-Americans, which started in 2009.

The debate about the "bloqueo", continuously latent in American politics, has again become an issue, raising new voices for and against the old arguments that have been put forward since the fall the Soviet bloc. After Obama's decree and the outcome of recent congressional elections, the status of the embargo seems doomed to remain stagnant. It is true that the 112th Congress has taken a more pro-embargo turn, with the Foreign Affairs Committee in the hands of the Cuban-American Republican Congresswoman Ileana Ros-Lehtinen, with the presence of two Cuban-American pro-sanction advocates - the Republican Marco Rubio and a Democrat and Bob Mendez - and with the departure of the "reformist" Congressmen Byron Dorgan, Chris Dodd and Blanche Lincoln. However, the Senate has a reform tendency towards the embargo, which would stop any attempts of Ros-Lehtinen to strengthen the restrictions¹.

This does not mean that in the future there cannot be changes, but if they occur, they will be because of a change in the correlation of political forces, or because of specific and highly symbolic developments that could move the American public opinion in either direction. But the character is mainly determined by U.S. domestic politics and does not reflect the real interests of American foreign policy.

The support of this argument can be drawn from two findings:

- Cuba no longer poses a serious threat to U.S. security.
- The embargo is not effective to bring down the regime.

Cuba, a symbolic enemy

No doubt that Cuba was a real threat to the United States during the Cold War, especially due to its geographical proximity. However, having demonstrated the infeasibility of the communist economic model and in the absence of any superpower that would try to impose it on others, the danger of Cuba has been

¹ Landau French, Anya. ¿Qué significan las elecciones para la política de los EE.UU. hacia Cuba? Diálogos Cuba-Europa vol. 5 n° 13. Prague, 2011.

reduced to a mere symbol, a flag of the extreme left, especially in Latin America, and of anti-imperialism and resistance. Beyond serving as an ideological pillar to Hugo Chavez and others, Castro has not had in the past 20 years military, economic or propagandistic resources that could damage the United States, nor is it plausible that he will obtain them in the future.

Obviously, Washington would be better off if the Cuban regime falls, but the strategy of the embargo does not correspond to the policy currently applied to other totalitarian regimes, whether communist or not. In fact, the U.S. has trade relations with countries like China and Vietnam and at the same time it has embargo policies that apply to regimes in Syria, in Myanmar and, to a lesser extent, in Iran. All those, however, do not reach the extent of restrictions on Cuba.

In the case of Syria, which actually does represent a threat to the United States, the visit of American citizens is allowed to the country. The embargo on Cuba is therefore an exception in U.S. foreign policy, which would be in other cases limited only to the prevention of the sale of arms, as in the case of Venezuela or Somalia. In fact, embargos are a double-edged sword: on one hand they exert pressure on a particular regime, but on the other hand they also represent an economic costs for the country that imposes it, losing export market and investment opportunities. The International Trade Commission of the United States estimates, for example, that in the absence of the embargo against Cuba in 2008, the country would have sold significantly larger amount of agricultural products to Cuba, earning between \$216 and 478 million USD more².

On the other hand, the Helms-Burton Act of 1996 introduced an externalization of the restrictions, since it, among other measures, impeded trade of third countries with Cuban property confiscated from U.S. citizens and the sale to Cuba of articles that are at least 10% of American origin. This makes the embargo on Cuba unpopular in the rest of the world, and it is challenged by the European Union and condemned repeatedly by an overwhelming majority in the UN General Assembly.

A stumbling block

During the Cold War years, it seemed certain that the embargo helped to undermine the Soviet power. The State Department estimates that the cost for the USSR to maintain the battered Cuban economy was \$5,000 million USD a year from 1962, when the country was suddenly separated from its largest trading partner since the nineteenth century, until 1989³.

The new scenario did not look good at all for the accounts of Castro and, indeed, the 1990s represented a serious economic crisis from which the island came out

² Coleman, R. Jonathan. U.S. Agricultural sale to cuba: certain economic effects of U.S. Restrictions. An update. Comisión de Comercio Internacional de Estados Unidos. Available at http://www.usitc.gov/publications/332/working_papers/ID-22.pdf.

³ Health and nutrition in Cuba: effects of the U.S. embargo. The Olof Palme International Center. Stockholm, 1998.

slowly and laboriously (in 2000 it still had not reached the indicators of 1989⁴). Actually, had it not been for the large Venezuelan aid (\$8,000 million USD just in 2008, according to the estimation of Rolando Castañeda⁵), the financial situation of the island would be much worse⁶. Yet Cuba is experiencing a severe downturn in the economy and a looming wave of unemployment that will test the timid economic reforms by Raul Castro. It is possible that the chronic crisis leaves the island exhausted and contributes to the fall of the regime, but would it be because of the embargo?

Paradoxically, both the official discourse of the regime and the one of its bitterest opponents in Florida exaggerate the economic impact of the restrictions. If we believe the reports published by the Cuban Ministry of Foreign Affairs, the embargo caused between 2005 and 2006 economic losses valued in \$ 1.792 million USD. Of them, \$1,350 million in foreign trade, 184 in financial changes and 258 in food security, i.e. 4.4% of Cuba's GDP that year⁷. In 2009, contrasting figures of several similar reports⁸, it appears that the losses were \$4,100 million U.S.D., 4.2% of GDP. Even taking into account that the data provided by the regime may be biased and the methodology questionable (it includes both real losses and potential earnings), there are grounds to believe that the embargo is a drag on Cuba. However, the most sensationalist figures represent no insurmountable difficulty and, in theory, the restrictions should not affect in a special way the finances of the island or cause shortages of food, medicine or goods of any kind.

In fact Cuba imports freely goods from other countries and receives tourists from around the world. Even with the restrictions on travel to Cuba for US citizens of non-Cuban origin, it is estimated that 50,000 Americans visit the country illegally each year, according to the Ministry of Tourism of the Castro⁹. Economists specialized in Cuban affairs, who are not pro-Castro oriented, such as Carmelo Mesa-Lago, Antonio Jorge and Oscar Espinosa Chepe, agree that the rapid decline in sugar production, the impoverishment in material conditions, the typically third-world composition of the exports and the poor health-care system of Cuba are the result of its economic model, based on planned economy. Actually, the tightening of the embargo in 1996 with the Helms-Burton law coincided with a recovery in the Cuban economy¹⁰. Also, the U.S. State Department concluded in its report that the causes of food shortages in Cuba are a result of the island's "unwillingness to

⁴ Mesa-Lago, Carmelo; Pérez-López Jorge. Cuba's Aborted Reform. University Press of Florida. Gainesville, 2005.

⁵ Of these, \$5.000 million USD for the Cuban physicians send to Venezuela, \$2.000 million USD in loans for buying oil at a symbolic rate and \$1.000 million USD in development projects. Rolando H. Castañeda. La ayuda económica de Venezuela a Cuba. Situaciones y perspectivas. 2009. Available at: <http://www.miscelaneasdecuba.net/web/article.asp?artID=22332>.

⁶ Vidal Alejandro, Pavel. El PIB cubano en 2009 y la crisis global. IPS- Economics Press Service. 2009. Available at: www.estudios-economicos-cubanos.org

⁷ US 40.060 million according Index Mundi.

⁸ <http://embacu.cubaminrex.cu/Default.aspx?tabid=20174>

⁹ Negocian Cuba y empresas de Estados Unidos liberar viajes. Periódico la Jornada. 2/19/2010.

¹⁰ Mesa-Lago, Carmelo. Economía y bienestar social en Cuba a comienzos del siglo XXI. Editorial Colibrí. Madrid, 2003.

liberalize Cuba's economy, diversify its export base, and its need to pay off debts (...) acquired during the years of abundant Soviet aid", adding that the embargo "has added, at most, relatively small increases in transportation costs"¹¹.

Obviously, if the social and economic welfare of the country had been a priority for Fidel Castro, he would have reformed the communist system that governs the island a long time ago. Seen in the results, the embargo (even when it was still strictly enforced, as during the G. W. Bush administration) is not a sufficient weapon to force political or economic changes in Cuba. It is a stumbling block for the regime, but it does not prevent it from walking on the road. At most, the embargo can be used to negotiate occasional agreements, as we saw recently with the start of the trial of Allan P. Gross¹², conducted shortly after the easing of the embargo made by Obama.

Cuba, an internal affair

Since the U.S. policy toward Cuba is not a result of strategic factors of foreign policy, it is necessary to look for inner political motivations, where we can find streams in favor and against the embargo.

Reflecting this division, a Gallup poll conducted in 2009¹³, showed that 51% of Americans were then in favor of lifting the embargo, most of them Democratic-leaning. 36% disagreed. Shelling ideologically, 73% of liberals supported the end of the embargo, while only 37% of conservatives shared this view.

The trend seen in the survey is rather contrary to the embargo. 50% of conservatives are clearly opposed to its removal, a figure that drops to 35% when it comes to those who are considered moderate. The partisan affiliation of opinions reveals even more doubt about the embargo: 44% of Republicans favor its cancellation. Another survey, conducted by Harris Interactive in 2010¹⁴, qualifies these figures. 40% of Americans are for maintaining the embargo, 36% would make it a matter of the past. To this division of opinion, its swings, and even its very existence contributes to the ideological discourse of the left and right in the USA. The left of the country favors lifting or easing of the embargo and it is dominated by a tolerant attitude towards the Castro regime, often questioning the harshness of its political regime. The argument against the embargo is that it restricts free trade and contact with tourists, which will bring democracy to the island. Also, the end of

¹¹ Zenith and Eclipse: A Comparative Look at Socio-Economic Conditions in Pre-Castro and Present Day Cuba. US State Department. Office of Interamerican Issues. 1998- revised in 2002. Available at <http://www.state.gov>.

¹² Alan Gross is a USAID contractor arrested in Cuba for illegally giving a computer and cell phones to Cuban citizens. Until he was finally sentenced in March 2011, Gross spend 15 months in prison without trial.

¹³ Americans steady backing friendlier Cuba relations. www.gallup.com

¹⁴ One-Quarter of Americans Now Believe Cuba is an Enemy of the U.S. www.businesswire.com. 3/2/2010.

this hostile attitude of the "enemy Yankee" would leave the official propaganda of the regime without arguments and improve the U.S. image in the country.

From the economic point of view, many U.S. companies, especially in the tourism and agriculture sectors, would view it as its market abroad. In fact representatives of the central U.S. states (with strong agricultural interests) and the tourism and hotel industry lobby in Washington to get the "bloqueo" relaxed. A bill introduced in 2010 with the aim of allowing travel to Cuba and facilitating transactions of agricultural products with the island had the support of several national agricultural organizations and the U.S. Chamber of Commerce.

The right wing, traditionally having a more aggressive foreign policy, still sees in Cuba a symbol of struggle, stressing the totalitarian aspects of the Castro regime. Their positions insist that there is no reason to remove the sanctions, because there has not been any political progress on the island. A unilaterally lift would be a demonstration of weakness that would lead Castro to new heights of audacity. On the other hand, they counter that the economic benefits that would occur in Cuba would not represent an improvement in the quality of life of the population, since we are speaking about a centralized economy state.

Among Cuban-American population, "anticastrista" by its very origin, prevails the idea that giving up the embargo would render the island, and although it appears that a change of opinion has been produced on the new generation¹⁵, the six Cuban-Americans MPs who currently sit in the chambers are opposed to lifting the restrictions. Traditionally, this ideological position has led the one million Cuban-Americans living in Florida to lean towards Republican positions, becoming a highly strategic voting community.

Obviously, both positions used rather ideological grounds, which are difficult to verify. Looking for their weaknesses, we can say for example that Cuba has received thousands of foreign tourists since long ago, including many American and Spanish-speaking visitors, as well as European, Canadian and Chinese business investment, although this has not led to policy changes.

On the question whether the embargo provides arguments for the official propaganda of the Castro, there is no doubt that it does, but their impact or importance are highly diffuse: the discourse of the regime is changing and adapting. We should just remember that during his early years, the embargo was considered harmless and useless by the official Cuban media.

On the other hand, there is no denying that the increase in remittances from the United States and the increasing number of tourists themselves can improve the living conditions of many Cubans. As for their alleged effects on the strong position of the United States against Cuba, until now the embargo has never prevented

¹⁵ A growing number of Cuban Americans promote changes in U.S. policy towards the island. www.Cubaencuentro.com. 4/2/2007.

Castro from facing the U.S. or increasing internal repression. Let's recall that, on numerous occasions, when the USA was ready to ease sanctions, Castro made a boast that prevented the implementation of the measure, most recently in 1996, when his government ordered to shoot down two U.S. planes, killing all four crew members. As expected, the incident prompted the passage of the Helms-Burton law, which President Bill Clinton sought to curb.

To soften or tighten the embargo thus becomes a way to please the electorate, without real hope that its more or less strict implementation, or termination, leads to the emergence of a regime change. The increased flow of remittances expected this year could help capitalize on the half million workers to be fired and forced to become self-employed. Will this represent a breakthrough in the defeat of Cuban communism or otherwise a further entrenchment of Castro's power? The answer depends more on the political color which we look at the issue than from an objective analysis of the situation by the Department of State.

Conclusions

The arguments of both sides of the political spectrum about U.S. sanctions are not based on any rigorous economic or sociological analysis and instead follow the logic of national political game, although are supported from time to time by specific facts or figures. The state of the embargo will therefore depend more on the evolution of American domestic politics, the color of the current government, and the position of the new generations of Cuban-Americans. Just as the results of the maintenance of the embargo are dubious, the economic benefits that its lifting would provide do not seem as significant as to justify this risky political move.

Cuba has simply gone on to play a lesser role in U.S. foreign policy, which has led to a situation in which domestic issues prevail, a fact which should take into account all academic approaches to the issue of the embargo and its consequences.

Latin-American Insight

Latin America has ceased to be outside the global geopolitical interests and has become an attractive region, both economically and for its potential in terms of the ability to weigh the balance of power in the world. While there are a few strategic association treaties between the U.S. and the European Union and some Latin American countries like Chile, Mexico or Brazil, a lot remains to be done on integration matter. For their part, countries like Venezuela, Cuba and Nicaragua remain in a deep uncertain process of political and social transformation that moves them away from the trend towards integration. The "Latin American Insight" aims to open lines of analysis on these issues and raise the level of knowledge about Latin American reality in the Czech Republic.

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