

A Prescription for U.S. Policy toward Cuba

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I. Introduction

Since the transfer of power from Fidel to Raul Castro and the occurrence of the 6th Congress of the Communist Party of Cuba, the island nation has seen incredible economic reform. While the nation remains a one-party communist regime in which voters have only a single choice of candidate, the economic interests of the people appear to be accounted for in policy making¹. With these changes in mind, it is important to evaluate the challenges that the regime faces. If we can accept that the regime wishes to liberalize by harnessing market forces in the economy to allow growth, we must try to understand the types of changes they seek and the ways in which they can carry them out. Looming obviously behind these questions is the role of the United States in this process. This essay will argue that the United States should play the part of a quit, respectful neighbor. It should remove all obstacles that it uses to hinder Cuba from progressing while allowing the nation to “figure things out.”

II. The Cuban Economic Tension

It is difficult to try to evaluate the sort of policies the Cuban government would like to expand on without understanding its motivation and expected outcome. As noted earlier, it *appears* that the economic interests of the people are being taken into account by the congress. It is easy to point to the economic reforms that allow a growth in private entrepreneurship and say that this is done in the interests of the people. But how can we be sure that the motivation of the

¹ Sullivan

regime is to allow for private wealth? How can we be sure that the motivation of the regime is to liberalize at all?

There seems to be a severe dichotomy between liberalizing and not-liberalizing, between change and stagnation. On the one hand, it is obvious that Cuba recognizes the benefit that a private sector can offer its economy. It has allowed for business to hire workers, for restaurants to add more tables, and for private homes to rent rooms legally to tourists. On the other hand, it taxes heavily, limits the size of private businesses, and charges incredibly high rates for goods needed to operate businesses such as furniture (a state-owned home goods store charged about 100 CUC for a card table, three times more than in the United States².)

Here we can see the challenge that the Cuban people are facing—their government is toying with the incentive structure of the economy. As International Political Economist Dani Rodrik comments in *Cuban Economic and Social Development*, the Cuban government “has apparently still not made up its mind about whether it wants to have a market economy or not. Economic policy seems to be driven by a process of muddling through with no clear goal in mind³.” Rodrik argues that the Cuban government must recognize the importance of providing the right incentives. He says that the government does not need to implement full-blown market reform in order to see economic growth. It just needs to send the right signals to the people that their entrepreneurial strives will not be snuffed.

When the Cuban government creates policies that seem to loosen restrictions while at the same time making it difficult for business to operate, it makes the people skeptical about the reforms. This was clear when our group visited the bed-and-breakfast owner in Trinidad. He was taking advantage of the business reforms that allowed him to rent out rooms in his house. But he

² Walmart.com

³ Rodrik

was frustrated with the high tax rates. More importantly, he was nervous to put his money in a bank and had no opportunity to invest it in stocks or other companies. He did not want the government to know how much money he had for fear that he could somehow be punished for accumulating wealth. While he was excited to be able to operate a successful business legally and to earn a profit, he was obviously weary of the possibility that his success would be extinguished.

Instances like this bring into question the motives and the expected outcomes of the government. It seems that the tension the people are feeling on the ground reflects the tension that the government is feeling as the policy maker. As Rodrik said, it seems that it simply hasn't made up its mind yet as to whether it wants to be a market or a socialist economy. It is toying with each, and has created an economy in limbo—it refuses to commit to either.

III. U.S. Foreign Policy toward Cuba

The role that the United States can play for Cuba should be prescribed in terms of this tension. First, we must recognize that the regime *is* trying to innovate. It sees the need for some sort of change, although it may not be all that comfortable with it. Second, Cuban economic development most directly impacts the livelihoods of the people of Cuba. While U.S. policy undoubtedly has an effect on the Cuban government, our primary focus should be on the economic and social impact that foreign policy has on the people. Third, the efforts on behalf of the United States in terms of democracy promotion are often understood as guise for imperialism. As the billboards and school books made clear, Cuba is not willing to take economic or political advice from “the imperial power to the north.”

Taking these three points together, we can come up with a policy prescription for the United States that looks something like this: The efforts on behalf of the Cuban government to foster some sort of economic reform should be taken by the United States as a way to improve the living conditions of the people living in Cuba. The United States should be cautioned that Cuban weariness toward the U.S. prevents a meaningful economic or political mentorship. Instead of suggesting or imposing policies to help progress the reform, the United States should step back and allow Cuba to operate its economy without fetters.

This prescription can be actualized in a couple of ways. First and most obviously, it can lift the embargo on Cuba. Second, it can refrain from offering policy advice to the island nation where it is not invited to do so. These two simple suggestions would allow the Cuban government to operate as it sees fit, unable to use the embargo as a scapegoat, and unable to blame the United States for imposing its economic policies.

As we heard from multiple people while we in Cuba, lifting the embargo would have sincere economic and social benefits. The availability of day-to-day goods such as furniture and clothing would be improved, and Cubans would need to rely less on family members abroad to send goods into the country. With the availability of these goods, stores selling them could open up, allowing for job growth. Cubans would also have access to more vital goods such as food and medical supplies. As Dr. Alvarez Cambra explained to the group plainly, the U.S. embargo severely hinders the ability for the Cuban government to get reliable access to modern medical technology. Similarly, the inability to trade foodstuffs with the United States causes stress for the island's economy. Perhaps the most obvious effect of lifting the embargo is the increase of tourism from the United States into the island. The potential for economic growth in the tourism sector is incredible.

As more goods and services are exchanged between the U.S. and Cuba, more money will flow into the Cuban economy, and its people will be made wealthier. Instead of poor urban and rural sprawls, there may be a rise of an actual middle class. The existence of a middle class may be a controversial concept in communist Cuba, as classes are not welcomed. But if trade with the United States allows for one to develop, a new understanding of wealth will have to arise. If a class of people suddenly has the ability to afford vacations, expensive electronics, and cars, it is hard to imagine a government being allowed to stand in the way of this from becoming widespread.

It seems that as Cubans begin to get access to these goods, their resentment for policies that stand in their way will grow. As their economic discontent grows, so might their willingness to speak out against the government policies that restrict them. Thus, regardless of if the regime actually craves liberalization, lifting the embargo would pressure it to concede to change.

However, lifting the embargo is not the only thing that the United States can do to allow Cuba the opportunity to promote meaningful progress. It can respectfully refrain from making policy suggestions to the Cuban government. Cuba's perception of the United States is that of an imperial evil. Suggestions or impositions made by the United States to encourage democratization or economic liberalization are likely to be taken as an expression of U.S. interests rather than a gesture of friendship. If the United States hopes to encourage Cuba to democratize, it must do so passively. It must remove the fetters that it currently has on the Cuban economy and simply wait for the people to demand political change. This essay will not speculate as to when or whether political change will be demanded. It will only assert that the United States should not play a role in encouraging it.

While in Cuba, we visited the Bay of Pigs museum and Che's memorial, and saw countless pieces of propaganda, all of which promoted the idea that the United States has not and does not work for the interests of the Cuban people. I find it hard to believe that simply lifting the embargo will be enough to get the Cuban people and government to trust the United States. For this reason, the United States should keep a respectful distance from policy, allowing the government of Cuba to exercise its autonomy, and to figure out its own way to prosperity.

The economic tension that Cuba is currently straining under speaks to the vulnerability of the changes we have seen so far. If the United States tries to step in too quickly to push the regime to democratize or liberalize its economy, it is reasonable to expect a backlash resulting in a "one step forward, three steps back" kind of situation. The Cuban economy is on the brink of liberalizing or de-liberalizing. Because the economy has an immense ability to generate pressure on the government, we should do nothing to jeopardize its potential; we should leave it alone and let the Cuban people and government figure it out on their own.

IV. Criticism and Response

The two-fold prescription that this paper offers leaves room for criticism in a couple of ways. First, the argument can be made that lifting the embargo is too difficult for the U.S. Government to accomplish, and that doing so without caution would have undue consequences on the Cuban economy. Second, one could argue that stepping back and allowing Cuba to function without our interference could allow the state to tighten down on political or economic policy; the United States must push for democratization in order for the state to do so.

The first criticism is a worry that the U.S. government is unable to eliminate the embargo because of the difficulty in getting anything done in congress—much less a controversial, decades-long measure that codifies the unfriendly relationship we have with one of our closest neighbors. It fairly speaks to the current state of political affairs in the United States. However, this essay addresses the question “What *should* U.S. foreign policy be toward Cuba?” and cannot describe *how* this can be achieved.

Hypothetically assuming that the U.S. can and does lift the embargo on Cuba, the argument can be made that to do so would sincerely cripple the Cuban economy. This argument assumes that lifting the embargo would allow for mega-corporations like McDonalds, Hyatt, Wal-Mart would flood the Cuban landscape, eliminating the small businesses that we saw on the island, and corporatizing the entire Cuban experience. Instead of being enslaved to their government, Cubans would become enslaved to minimum-wage jobs.

Proponents of this argument say that in order to mitigate the economic flooding the United States should remove fetters on the Cuban economy in waves. Perhaps allow for free trade of all medical goods, and then open up the trade of clothing, then furniture, then allow for a certain number of tourists per year, etc. They argue that this slow dismantling of the embargo would allow the Cuban government time to create a structure that would preserve the Cuban-ness of the island and protect against the “McWorld” effect.

I argue that this economic flooding is indeed a concern, but that slowly eliminating the embargo is not the best way to mitigate it. Rather, I would argue that in order to show solidarity with the Cuban people, the United States should alert the Cuban government of its plans to lift the embargo ahead of time. This would allow the Cuban side of the economic bridge to restrict the ability for American corporations to infiltrate the Cuban economy. Thus, even if the embargo

was ripped off in one swoop, the Cuban government would still be able to provide contracts, leases and other regulations that restrict the amount of corporatization that goes on in the island. It is the Cuban government's responsibility and privilege to decide what sorts of American hotels, food chains and retail stores are allowed on the island.

Further, I would argue that if the United States took up the role of trying to mitigate the economic flood, the Cuban government would remain resentful of its meddling in their economic affairs. It would appear as if the United States was trying to impose its own economic agenda on the Cuban people, which could cause the backlash that was mentioned earlier in this essay.

The second criticism advanced at this essay's prescription is the distrust in the ability of the Cuban government to affect meaningful political change without the explicit push of the U.S. government. Seeing as the unfriendly relationship between the two nations is centered on the severe political dichotomy between democracy and one-party regime, encouraging Cuba to become a democracy would solve a lot of the issues that we have experienced. If the United States urges Cuba to hold elections, draft a new democratic constitution, and stop making human rights violations, the two governments could forge a much stronger relationship.

In order to achieve this goal, it might even be appropriate for the U.S. government to hold off on lifting the embargo until the Cuban government makes the commitment to meet these requests. In this way, the United States can serve as a sort of mentor in the democratization process. More importantly, if the United States does *not* play an active role in encouraging democratization, Cuba could find itself reverting back to totalitarian economic and social policies. It would have no motivation to honor human rights. We would have not leverage over it to encourage our interests be served.

In response to this argument, I would like to return to the second point of this essay's prescription that points out that any economic development in the country benefits the people of Cuba more than it benefits the government. When the government allows private ownership, more autonomy, or other benefits to entrepreneurs, the citizens on the ground living in the country are the ones who are then able to make a living and improve their quality of living. Their livelihoods are not dependent on the presence of free elections, but on the ability to earn money in the economy.

Thus, any effort by the United States to push for democracy does not have the immediate effect on the people in Cuba that contemporary economic policies do. In fact, pushing to democratize might hinder the willingness of the government to continue its economic progress. Concerns for democratization could distract from economic policy and effectively hurt the people in Cuba.

Moreover, we must remember the sincere distrust that Cuba holds for the U.S. government. Pushing democracy would only serve to turn the Cuban people off to the idea of it. If we want to see actual political reform in the island nation, we *have to* let them figure it out for themselves, we *must* let them come to democracy of their own autonomy. In this case, democracy is not something we can export.

While this may take a while, and while human rights violations in the country may make it seem unbearable, the United States must recognize that the best way to get meaningful and lasting political reform is to allow it to happen organically. With the embargo gone and the possibility for real economic prosperity, it is not far-fetched to believe that the people of Cuba will begin to demand of their government things that the United States would be happy to

support. But if these changes originate in the imperial power to the north, they will be scoffed at. They must be generated within the island to have real roots.

V. Conclusion

Cuba is in a precarious position both economically and politically. It is on the brink of real economic change, but it is not fully committed. It suffers from the crippling effects of the U.S. embargo, and is always concerned with U.S. imperialism. In order to support the kind of change that is implicit in Cuba today, the United States must stop holding it back, and let the natural course of things play out. When the situation in a country like Cuba gets a little bit better, the people demand that things keep improving. We must let the Cuban people taste economic prosperity and allow them to follow out the task of liberalization and democratization. The United States must simply make it possible for them to do so, and then step back so as not to step on any toes and reverse the progress.

The United States must play the role of the respectful neighbor—there when it is called, but with its nose out of other people's business. We must let what will happen in Cuba happen and trust that it will work out in favor of the Cuban people. This is not so much a question about the bitterness between two governments. It is a question about the people in Cuba who have been subjected to poverty and oppression. They need to be given the chance to thrive, and U.S. foreign policy can allow for that. All the United States needs to do is lift the embargo and refrain from imposing its interests on the island nation. It simply needs to play fair.

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