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3/30/13

Cuba Policy Paper

The American Grudge: Economic Nonsense

A plane from Miami will arrive in Havana, Cuba in approximately one hour. In that hour, a visitor's understanding of the world will be altered completely. Cuba is the party responsible for the Cuban Missile Crisis, reportedly the closest the world has come to complete nuclear annihilation. Needless to say, the United States is still a bit upset. We've embargoed the country to such a degree that it is difficult for an American to enter the country, much less purchase a Cuban cigar. We've done this in the name of isolating communism, which from the perspective of US foreign policy is the root of all evil. However, the government is beginning to endorse change. These changes are very wide ranging: hinting towards a limited free market and declaring the Castro's will no longer be the leaders of the country. With these current changes, and future ones potentially en route, the question of what US Policy should be towards a rapidly changing Cuba is raised. In this paper, I will argue that the US Policy towards Cuba should be one of support for the changes occurring within the country; ultimately this support should lead to the eradication of the trade embargo with Cuba, creating an economically beneficial trade agreement between both the Cuba and United States. This seems to be the most common sense solution as Cuba is so close to the United States and they've both ample need for imports and exports from each other that would be significantly less expensive than shipping from China to the United States. The United States experience difficult economic times, shouldn't miss out on

an opportunity to bring potential prosperity to the economy by dismantling the embargo and assisting Cuba in its endeavors.

While in Cuba, we were bombarded with the same answer to the question “What should US policy be towards Cuba?” That answer, for most entities of Cuban life is to bring down the embargo. We learned that from our historical, economic, and medical discussions with three people from three different walks of life. Even Alejandro (Alex), our guide, believed that the embargo needed to be done away with. We were also subsequently informed that it is the general will of most, if not all, Cubans that the embargo disappears. There are many reasons that the Republic of Cuba would like to see the embargo disappear. Firstly, in a situation disclosed to us during our medical discussion, it is extremely difficult for Cuba to purchase medical equipment as many of the producers of the best medical technology are American business, which are prohibited from selling to Cuba. The Cubans had purchased several MRI devices, but the company in which they purchased the MRIs from was soon bought out by Americans and thus the deal collapses. The Cubans lost a significant amount of funds on MRIs that they no longer could use because the company, legally, could not send any technicians to train Cuban doctors, to set up the machines, or perform maintenance. Obviously, this specific instance offers quite the motivation for the Cuban government, specifically lobbying for medical needs, to call for an end to the embargo. However, I argue that the benefit of an end to the embargo in the medical sector would not simply benefit the Cubans, but also American businesses as well.

If the Cubans had purchased their medical equipment from a US company, it would have been significantly cheaper due to shipping costs. Secondly, the US companies would have sold a good to the Cuban government, thus giving them business. Business is good, right? American medical suppliers would benefit from growth in business due to Cuban purchases of the goods

that are more cost effective to purchase from US than from abroad. There is no doubt that Cuba would be purchasing these goods, as the primary goal of the medical program in Cuba is to provide exquisite medical care to all citizens of Cuba free of cost. It is instinctive for Americans, raised on capitalist principles, to believe that this notion is completely idealistic. However, the Cubans have been doing so for the past half a century with great success. In fact, allowing trade, especially in the medical technology sector may be the action needed to prove the legitimacy of absolutely free healthcare. But, this potential also works as a factor against lifting the embargo as well. The United States is fairly well known for its anti-Communism (showcased in something known as the Cold War). Any action that could seemingly prove the legitimacy of a form of communist government, especially one so very close to its borders would be an affront to its hardline stance it had taken until the downfall of the USSR. Does the benefit of an increase of exports from and thus the medical sector's economy outweigh the pride of America's brand of democracy and capitalism?

Furthermore, there is another reason that the United States has vested interest in the Cuban regime and its developmental bedfellows: fuel. Estimates cite that there may be "5 billion barrels of oil and 9 trillion cubic feet of natural gas" within Cuba's sea territory.¹ This should spark interest from a US policy perspective because oil is pricy and is usually shipped from the Middle East to the US. If the United States were to assist with the development of Cuba's offshore drilling ventures, there is a potential reward to the US if they are willing to negotiate.

However, there is another more dire reason for the US to nudge itself into the development of Cuba's offshore drilling. This reason is the environment. In 2010, the Gulf of Mexico experienced the worst oil spill in history which gave legions to nearly 50% of the fish in

¹ "As Cuba plans to drill in the Gulf of Mexico, U.S. policy poses needless risks to our national interest," *Center for Democracy in the Americas*: 1.

some areas, killed or injured over “8,000 birds, 1,000 sea turtles, and 600 dolphins”, and resulted in about \$8.7 billion in economic damages.² Even today, the Gulf is experiencing the effects of that oil spill and will do so for years. The clear interest of the United States in the environmental arena is to ensure that there is no such oil spills near our coasts again, due to the devastation experienced by the BP oil spill. Not to mention, the effects of two fuel spills would compound, further harming the ecology- possibly eradicating the fishing industry there affecting seafood prices across the nation and within the region.

With the recent development of Hugo Chavez’s death it is important to acknowledge the importance of the Cuba-Venezuela relationship. Their relationship revolves heavily around a “doctors for oil” program. The CIA Factbook details this trade quite well by stating “Since late 2000, Venezuela has been providing oil on preferential terms, and it currently supplies over 100,000 barrels per day of petroleum products. Cuba has been paying for the oil, in part, with the services of Cuban personnel in Venezuela including some 30,000 medical professionals.”³ However, due to Chavez’s death there is the possibility that this trade can altogether cease. The opposite party within Venezuela wishes to get rid of this agreement, but this will have drastic repercussions on the Cubans. We discovered while in Cuba that their electricity, unlike here in the US, is created by using oil rather than coal. Therefore, the prospect of losing this favorable trade agreement is terrifying to the Cubans. Without oil, there is no electricity. Without electricity they would see a decline in tourism which would directly affect their economy, especially around Havana. There is absolutely no deterrent to prevent the Cubans from exploiting their fuel rights in the ocean because, to them, oil is fundamental to their economy and with the possibility of them losing it, it will only push them forward. The United States, in order to

² Oceana, "The Spill - By the Numbers." Accessed April 9, 2013.

³ The World Factbook 2013. Washington, DC: Central Intelligence Agency, 2013.

prevent an environmental disaster, should assist the Cubans in some way to develop their offshore drilling capability.

These may be only two specific examples housed within this policy paper, however, these two examples are two of the most relevant and modern examples that can be used, other than the fact that Cuba is absolutely beautiful and worth traveling to so we should lift the travel restrictions and embargo. The medical perspective is important because Cuba's healthcare program is one of the greatest in the hemisphere, and the world. Every country wishes they could have Cuban doctors in their hospitals. Cuba will drill for oil in close proximity to the United States, in a location not too distant from a previous oil spill. Both of these topics are very obvious gateways for the United States to make beginning efforts to cooperate with Cuba in the most beneficial way to the United States.

On the other hand, in any future dealings with Cuba, it is of the utmost importance that the United States attempt to truly negotiate. Negotiation refers to making sacrifices as well, rather than simply making demands and offering consequences if those demands are not met. The United States if it negotiates using ultimatums or demands that are unreasonable will not get anywhere with the Cubans; they view us as the colonial power and these efforts will only further cause them to act in a way contradictory to what the US wants. It is easy to forget the actions the United States has taken in previous years, such as the Bay of Pigs. The Cubans remember that event quite well and are taught about it from a young age. We are viewed as the oppressive colonial power, and many of our actions, specifically that invasion remain embedded and are still indoctrinated in the minds of Cubans. There is also a sense of annoyance towards the US government for keeping the embargo. Dr. Cambra seemed particularly annoyed when he recounted the situation with the MRIs. When the embargo affects the everyday life of the people

know who to blame: the US. If the US chooses to initiate and follow through with the intelligent decision to pursue an economic and political relationship with Cuba, the US will need to swallow a portion of their pride and prioritize their demands, perhaps eliminating some altogether as a prerequisite to any economic assistance to be given to Cuba.

The Cubans and Cuban government are more than ready, willing, and desiring to have the embargo dismantled. They stand to gain untold wonders and benefits from the world's largest economy being less than an hour's flight away. Businesses in the US will have a brand new Latin American country where they will be able to invest into. Coca Cola will be able to sell its products directly to Cuba, rather than a third party selling it and charging 2 pesos (more than 2 dollars) for a single can of Coke. It will reduce costs for the various businesses within Cuba as well. In the long run, it will work to hasten the socialist market economy beginning to develop in Cuba and could lead to a boom in close proximity international trade, providing domestic businesses with a developing market within a reasonable shipping distance. The possibilities are endless. The simplest step is to begin limited agreements with Cuba, specifically in the medical and oil/environmental fields to protect our coasts and to boost our medical sector's economy. I would like to see the eventual collapse of the embargo because there is so much good available for both countries if an archaic tension with little modern day significance wasn't the only reason for its perpetuation. Its 2013... the cold war is over. We deal regularly with a "communist" party in trade that operates a socialist market economy. It's time to open up trade with one of the most beautiful countries in the world to develop the most logical friendship between countries. Without the embargo, the US and Cuba will experience a galvanizing effect, boosting their economies to new heights. In an age of a recession and constant economic woes, what else does the country need right now?

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