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WHEN PIGS FLY

Charting a New Course for U.S.-Cuban
Relations

Essays by William M. LeoGrande and
Jenny Morín Nenoff



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Handshake of Hope

It was a real sensation: On 17 December 2014, when the heads of state of Cuba and the United States announced their intention to normalize relations between the two states, which had been frozen for over a half century, the global public reacted with surprise. What led to this change? Will the words be followed by deeds? Will the embargo now be lifted?

The welcome reaction of large majorities in both countries to the resumption of diplomatic relations shows how overdue this rapprochement had been. Its concrete results are already evident. In the secret negotiations – mediated by the Canadian government and especially by Pope Francis – both sides agreed to an exchange of prisoners, the relaxation of restrictions on tourism, and the facilitation of money transfers and telecommunication.

By the end of January, the redefinition of relations between the USA and Cuba became the dominant issue at the Third Annual Summit of CELAC (Community of Latin American and Caribbean States) in Costa Rica. In the closing documents, the heads of state present greeted the change but also stressed the immediate need to lift the ongoing U.S. economic and financial blockade of Cuba.

The rapprochement has fuelled hopes in Cuba that the two generations-long blockade, and the massive economic restrictions which it has caused, could now come to an end. Ever since the collapse of the Soviet Union, and thus also of Cuban foreign trade, the Havana government has been compelled to undertake many experiments in order to uphold its own socialist model. On the one hand, this has worked: Cuba has held its own against its overpowering capitalist neighbor. On the other hand, the country has had to pay a high price and has become entangled in deep contradictions. Can the vertical planned economy work with elements of market economy? What remains of 'Cuban socialism' in the 21st century? These are the burning questions which Cuba's leadership has to face now more than ever.

For one thing is clear: The U.S. government has indeed changed its strategy—but not its goal, which is system change in Cuba. In the first essay, William M. LeoGrande, Professor of Government at the American University in Washington, DC, analyses the change in U.S. foreign policy as a transition from an aggressive strategy of "hard power" to a "soft" policy of change through rapprochement. In the second essay, Jenny Morín Nenoff, German-Cuban researcher and former RLS scholarship holder, probes the Cuban perspective.

With this booklet issued jointly by the New York and Mexico City offices of the Rosa Luxemburg Stiftung we hope to contribute to a critical accompaniment of the process. For let us have no illusions: what has occurred is no more than a first step.

Stefanie Ehmsen and Albert Scharenberg
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From Hard Power to Soft

The Shift in U.S. Policy toward Cuba

By William M. LeoGrande

In Havana, the announcements by Barack Obama and Raúl Castro that the United States and Cuba would reestablish normal diplomatic relations were met with jubilation. People applauded, hugged each other, cried, and marched through the streets in celebration. Church bells rang across the city. For Cubans, it was as if a war had ended—and in a sense, it had. The United States was turning away from its 54 year-old war of attrition against the Cuban revolution, finally accepting that coexistence made more sense than perpetual antagonism.

The central reason for the change in U.S. policy was the abject failure of the old policy of hostility. “We will end an outdated approach that, for decades, has failed to advance our interests,” Obama explained in his televised address, “and instead we will begin to normalize relations.” Washington’s inability, over half a century, to either depose Cuba’s revolutionary government or bend it to the will of the United States was certainly a good reason to try something different, but it was not by itself a sufficient reason. If it were, the policy of hostility would have been abandoned long ago.

Two additional factors proved pivotal in President Obama’s decision to finally break with the past. Changing attitudes in the Cuban-American community lowered the domestic political cost of adopting a policy of engagement, and international opposition to the old policy, especially in Latin America, increased the diplomatic cost of maintaining the status quo.

The Cuban-American Factor

For Republicans, the Cuban-American community was a natural constituency in a critical battleground state. Although Cuban Americans’ views on social and economic issues mirror those of other Latinos and are therefore closer to Democratic Party policies, for years they were fervent anti-communists. Moreover, they voted based on a single issue: where did the candidate stand on Cuba?

In the 1980s, Jorge Mas Canosa and other conservative leaders in the community organized a lobbying group to oppose any effort to improve relations with Havana. The Cuban American National Foundation dominated the domestic debate on Cuba for the next twenty years. Well-organized, single-minded, and with constituents strategically concentrated in the key electoral states of Florida and New Jersey, CANF punished any public official who even hinted at a policy of engagement with Cuba. Foundation directors and their political action committee, the Free Cuba PAC, contributed hundreds of thousands of dollars to dozens of sympathetic congressional and presidential candidates in each election cycle. Over two decades, CANF won a series of political victories, including the creation of Radio and TV Martí, the Cuban Democracy Act of 1992 (which tightened the embargo in hopes of collapsing the Cuban regime after the Soviet Union’s disappearance), and the Cuban Liberty and Democratic Solidarity Act of 1996 (i.e. Helms-Burton, which wrote the embargo into law).

Yet the Cuban-American community was never as monolithic as Mas Canosa portrayed it. Gradually, opinions in the community changed and alternative voices emerged. Polling by Florida International University since 1991 has chronicled these evolving attitudes. When FIU polling began, 87% favored continuation of the U.S. embargo. By 2014, 52% opposed it, and 71% no longer believed it was effective. In 1993, 75% of respondents opposed the sale of food to Cuba and 50% opposed the sale of medicine. By 2014, solid majorities—77% and 82% respectively—supported both. In 1991, 55% opposed unrestricted travel to Cuba; in 2014, 69% supported it.

These attitudinal changes were a product of demographic changes. Exiles who arrived in the United States in the 1960s and 1970s came as political refugees opposed to Castro. Those who arrived during the Mariel exodus in 1980 and after were more likely to have left for economic reasons. Recent arrivals, especially those who came after the Cold War, are far more likely to have maintained ties with family on the island and thus more likely to favor policies that reduce barriers to family connections, especially the ability to travel and send remittances.

Although these attitudinal differences have been clear for some time, they did not manifest themselves in voting behavior because a far higher proportion of the early arrivals have obtained U.S. citizenship and registered to vote. According to the 2010 U.S. census, 91% of Cuban Americans who arrived before 1980 had become naturalized citizens, but just 27% of those who arrived after 1990 were naturalized. Older exiles therefore still comprised a disproportionately large share of the Cuban-American electorate. In 2010, the pre-1980 group was 30% of the electorate, whereas the post-1990 group was just 12% (Cuban Americans born in the United States were the largest voting bloc, comprising 48% of the Cuban-American electorate). In addition, voter registration rates for

those who arrived before 1985 are over 90%, whereas for post-Cold War arrivals who are citizens, the rate is only 60%. But the early wave of exiles is becoming a smaller and smaller proportion of the community as some 30,000 new immigrants arrive every year and as natural mortality takes its toll on the aging exiles.

For years, Democrats believed that a tough policy toward Cuba was the right strategy to win enough Cuban-American votes to carry Florida. If a Democratic candidate was just as bellicose as his or her opponent, some Cuban Americans would vote based on issues more favorable to Democrats. In 2008, Obama took a new approach by appealing to moderates with a policy of engagement. He promised to end restrictions on remittances and family travel for Cuban Americans, resume “people-to-people” educational and cultural exchanges, and engage Cuba in bilateral talks on issues of mutual interest. Engagement, he argued, offered the best hope for promoting “a democratic opening in Cuba.”

This proved to be a winning strategy. By carrying Florida in 2008 with 35% of the Cuban-American vote in 2008, Obama proved that a Democrat could take a moderate stance on Cuba and still make inroads with this solidly Republican constituency. In 2012, despite Mitt Romney’s appeals to the community’s traditional anti-communism, Obama won almost half of Florida’s Cuban-American vote. Having defied conventional wisdom that only a “get-tough-on-Cuba” platform would sell in south Florida, Obama changed the domestic political dynamics of the issue, making new thinking about Cuba politically feasible.

Diplomatic Pressure from Latin America

Obama had long believed that the policy of hostility toward Cuba was outdated and in-

effective. He said as much during the 2008 campaign and again after his inauguration. But the new president faced a daunting agenda of other issues, foreign and domestic, and before his incremental approach to improving relations with Havana could gain traction, Cuban state security arrested USAID subcontractor Alan Gross for carrying out a democracy promotion program begun during George W. Bush's administration. Washington demanded Gross' unconditional release as the price of any further improvement in relations. Cuba refused, and relations remained frozen for the next three years.

When Obama took office, hopes ran high in Latin America that he would finally tackle this anachronistic Cold War policy that symbolized a bygone era of U.S. hegemony. In April 2009, when the hemisphere's heads of state convened at the Fifth Summit of the Americas in Trinidad and Tobago, the Latin American presidents pressed Obama on Cuba, making it a litmus test of his declared desire to forge a new "equal partnership" with the region. Obama tried to assuage their concerns, declaring, "The United States seeks a new beginning with Cuba." But his pledge was short on specifics. Two months later, at the 39th General Assembly of the OAS, Latin American states moved to repeal the 1962 resolution that suspended Cuba's membership—the symbolic cornerstone of Washington's policy excluding Cuba from the hemispheric community.

When the Sixth Summit of the Americas convened in Cartagena, Colombia, in April 2012, U.S. policy toward Cuba was essentially unchanged. Obama faced a solid phalanx of Latin American presidents no longer willing to passively accept Washington's intransigence. "There is no justification for that path that has us anchored in a Cold War," declared Colombian President Juan Manuel Santos, one of Washington's closest allies in the region. Daniel Ortega of Nicaragua and Rafael Correa of Ec-

uador refused to attend the summit because Cuba was not invited. Santos and Brazilian President Dilma Rousseff both declared that they would skip the next summit if Cuba was excluded again.

Obama returned from Cartagena chastened by the vehemence and frustration expressed by the other heads of state. The president was "severely" and "universally criticized" for U.S. policy toward Cuba, a senior U.S. official later acknowledged, citing this as one of the reasons behind Obama's decision to normalize relations. "Our previous Cuba policy was clearly an irritant and a drag on our policy in the region," acknowledged Roberta S. Jacobson, Assistant Secretary of State for Western Hemisphere Affairs.

As the Seventh Summit of the Americas, scheduled for April 2015, approached, Obama faced the prospect of another embarrassing confrontation over Cuba. The Latin American states were unanimous in their support for inviting Cuba, despite U.S. objections. The impending summit gave urgency to U.S. decision-making on Cuba, forcing it onto the president's agenda.

Political pressure at home for a change in policy was also building. In May 2014, 44 former U.S. government officials, including a number of conservative Republicans, signed an open letter to the president urging him to deepen U.S. engagement with the island. In both 2013 and 2014, large congressional delegations visited Cuba, met with Raúl Castro, and returned to urge Obama to improve bilateral relations. In fall 2014, the *New York Times* editorial board weighed in with six editorials over the course of two months urging dramatic changes in policy toward Cuba. This unprecedented barrage of long, tightly argued pieces reverberated across the country, putting pressure on the administration to act and giving it some degree of political cover to forge ahead. Finally, the de-

teriorating health of Alan Gross compelled the administration to find some way to win his release lest he die in captivity, freezing the status quo in U.S.-Cuban relations indefinitely.

Reactions to the Policy Shift

Abroad, Obama's new policy met with nearly universal approval. From the Vatican, Pope Francis sent his "warm congratulations for the historic decision," and promised to continue to support reconciliation between the two countries. "The initiative to re-establish diplomatic relations after over half a century of estrangement and the proposals for expanding the possibilities of contact and exchanges between Cubans and Americans are an historical turning point," said Federica Mogherini on behalf of the European Union. "These moves represent a victory of dialogue over confrontation."

The biggest diplomatic payoff for Washington was in Latin America, where praise for Obama's new policy was unanimous and effusive. Most South American presidents were attending a Mercosur summit in Argentina when they got the news, and the room broke into spontaneous applause. "Latin Americans are celebrating," said President Cristina Fernández de Kirchner, calling the restoration of relations between the United States and Cuba "a triumph." Colombian President Juan Manuel Santos, whose 2012 plan to invite Cuba to the Sixth Summit of the Americas in Cartagena was thwarted by Washington, stated, "In the name of the whole continent, we celebrate the audacity and courage of President Obama and the Cuban government." Mexican President Enrique Peña Nieto called the decision to normalize relations "historic and decisive."

"Today is a historic day," said Brazilian President Dilma Rousseff. "We imagined we would never see this moment." José Miguel Insulza,

Secretary General of the Organization of American States, added his imprimatur, congratulating Obama and Castro "for having taken these historic steps, as necessary as they are courageous [...]. This is a decision of great vision on both sides."

By re-making policy toward Cuba, Obama rescued a hemispheric policy in disarray and avoided an ugly confrontation at the Summit in Panama. A senior administration official told the press that the president's opening to Cuba would "greatly help our policy initiatives around the hemisphere and our influence throughout the hemisphere." In his speech to the nation, Obama said that the change in relations with Cuba "comes at a moment of renewed leadership in the Americas." In fact, the change in policy toward Cuba was what made possible renewed U.S. leadership.

At home, Republicans blasted the president's policy change. In his tirade against the deal, the Republican Senator from Florida, Marco Rubio, called Obama, "the single worst negotiator we have had in the White House in my lifetime," arguing that the president gave the Cuban government "everything it asked for" and got nothing in return. Senator Robert Menendez, a Democrat from New Jersey, called the new policy "misguided" and "a reward that a totalitarian regime does not deserve and [...] only perpetuates the Castro regime's decades of repression." Speaker of the House John Boehner described the new policy as "a mindless concession" to the Cuban dictatorship.

Rubio's and Menendez's membership on the Senate Foreign Relations Committee gave weight to their threat to block Obama's nominee as U.S. ambassador to Havana. But even if they kept the nomination bottled up in committee, they could not prevent Obama from re-establishing full diplomatic relations with Cuba. Article II of the Constitution vests that power exclusively with the president.

Lifting the embargo, however, is a matter for Congress. The core of the trade sanctions against Cuba was written into law in 1996. Obama promised to engage Congress in a debate about lifting the embargo, but with Republican majorities in both houses relentlessly attacking Obama's foreign policy, reaching agreement to lift the embargo appears to be a lot harder than reaching agreement with Havana.

Beyond the Washington beltway, however, opinion was favorable. Among Cuban Americans nationwide, 44% agreed with the new policy and 48% disagreed, but among those born in the United States, those who arrived in the United States after 1980, and those below the age of 65, pluralities supported the president. Only the cohort of older exiles opposed it. Pluralities also supported the relaxation of travel restrictions (47% in favor, 39% opposed), and lifting the embargo (44% in favor of lifting it, 40% opposed). Among the general public, Obama's new policy was very popular. Polls found 60% or more of respondents favored re-establishing diplomatic relations, more than half favored ending the embargo, and more than two thirds favored ending travel restrictions.

Policy Goals and Next Steps

In his speech to the nation, President Obama was explicit about the goals of his new policy. He argued that the United States could have a greater positive influence on the process of change underway in Cuba through engagement and dialogue rather than hostility and coercion. "I believe that we can do more to support the Cuban people and promote our values through engagement," he said. "Nobody represents America's values better than the American people, and I believe this contact will ultimately do more to empower the Cuban people." Obama's rationale for the policy

change was, in essence, a brief for the use of "soft power" in a case where "hard power" had clearly failed to achieve its objectives.

The short term aims of the policy are straightforward: to re-establish normal diplomatic relations, conclude a series of agreements on issues of mutual interest, and begin talking through a variety of issues that remain in conflict between the two countries. The long-term goal is to create conditions under which Cuba is more likely to evolve toward democracy. "I do not expect the changes I am announcing today to bring about a transformation of Cuban society overnight," Obama explained in his address, "But I am convinced that through a policy of engagement, we can more effectively stand up for our values and help the Cuban people help themselves as they move into the 21st century."

Allowing U.S. exporters to sell goods to Cuban private businesses is aimed at bolstering the emergent private sector in the expectation that this will create a social base economically independent of the government. Licensing telecommunications companies to expand Cuba's digital infrastructure is aimed at providing Cubans freer access to information. Loosening travel restrictions is aimed at expanding the diffusion of ideas, in the expectation that this will prompt Cubans to make more explicit demands of their government.

The implementing regulations issued by the Treasury and Commerce Departments are even more explicit about the aim of the new policy. Announcing them, Secretary of the Treasury Jack Lew said that they put in place "a policy that helps promote political and economic freedom for the Cuban people." The Commerce regulations are entitled, "Providing Support for the Cuban People," and the Treasury regulations declare their purpose to be "to further engage and support the Cuban people." Both give privileged status to activi-

ties that support “recognized human rights organizations” and “independent organizations designed to promote a rapid, peaceful transition to democracy,” activities that “promote independent activity intended to strengthen civil society” and “help promote their [the Cuban people’s] independence from Cuban authorities.”

U.S. “democracy promotion” programs, underway since 1995, continue. Although amateurish and largely ineffective thus far, they are aimed at organizing social networks of potential regime opponents—a strategy explicitly modeled on the role of social networks and social media in Iran’s 2009 “Green Movement,” Tunisia’s 2010 “Jasmine Revolution,” and the Egyptian revolution of 2011. Whether these programs continue to operate covertly with this implicit subversive intent or are modified to promote authentic societal interaction openly and transparently will no doubt be on the agenda of future bilateral negotiations.

In essence the long-term goal of U.S. policy continues to be the promotion of a more democratic Cuba with a more open (that is, free-market) economy. The difference is that Obama’s policy of engagement hopes to achieve this goal by shaping Cuba’s environment in ways that channel an internal dynamic of change in the direction Washington would like to see it go, rather than by trying to coerce Cuba into compliance or force a sudden, violent regime change. This brings U.S. policy into line with those of its allies in Latin America, Canada, and Europe.

In his speech to the National Assembly less than a week after the December 17 announcements, President Castro put Washington on notice that Cuba did not intend to surrender to a soft power strategy any more than it had surrendered to hard power. “It must not be expected that, in order to improve relations with the United States, Cuba will renounce the ideas for which it has struggled for more than

a century, for which its people have shed much blood and faced great dangers,” he said. “Just as we have never proposed that the United States change its political system, we demand respect for ours.”

Many substantive issues between the two countries will have to be resolved before relations are fully normal. Washington has not yet agreed to dismantle the array of programs supporting the old policy of regime change. As Castro pointed out, the core of the embargo remains in place: U.S. companies cannot invest in Cuba or do business with state enterprises, except to sell food. Cuban state enterprises cannot sell anything to the United States. Obama relaxed existing educational travel regulations, but the ban on tourist travel remains in place. Removing these barriers will require acts of Congress, which are unlikely in the near term.

The United States government still spends millions annually broadcasting TV and Radio Martí to Cuba, even though the television signal is effectively jammed and the radio has a diminishing audience. The Cuban Medical Professionals Parole Program, which entices Cuban health workers abroad to defect, continues unabated, even as the United States and Cuba cooperate in the fight against Ebola. Finally, Cuba claims Guantánamo as sovereign territory and wants the United States out while Washington insists on the validity of the 1934 treaty leasing the base to the United States.

On January 21, Assistant Secretary of State Roberta Jacobson traveled to Havana for talks with her Cuban counterpart, Josefina Vidal. It was the first time since 1977 that such a senior U.S. official visited the island. Over two days of discussions, the diplomatic delegations made progress on issues of mutual interest, and “agreed to disagree” on other issues, including a number of those mentioned above. “We have [...] to overcome more than 50 years of a relationship that was not based on confidence or

trust,” Jacobson observed, noting that the dialogue was just beginning.

The litany of obstacles still to be overcome should not detract from the significance of the steps taken by President Obama and President Castro. They replaced a Cold War framework of animosity with a 21st century policy of engagement and cooperation. Most importantly, the agreement represents Washington’s willingness to treat Cuba as an equal, sovereign, and independent country with whom the United

States can have a civilized relationship despite disagreements. In 1977, Raúl Castro compared restoring U.S.-Cuban relations to rebuilding a bridge destroyed in war-time. “It is not a bridge that can be reconstructed easily, as fast as it was destroyed. It takes a long time,” he said. “If both parties reconstruct their part of the bridge, we can shake hands without winners or losers.” The final spans of the bridge are yet to be finished, but Barack Obama and Raúl Castro have certainly brought it closer to completion.

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Cuban Perspectives

By Jenny Morín Nenoff

The art exhibition of the Cuban musician X Alfonso opened at the beginning of 2014 in Havana's Fábrica de Arte Cubano (Factory of Cuban Art) and included a series of photo montages that showed a possible vision of the future in the socialist island country—with streets in Cuba's capital lined with neon signs and the advertisements of U.S.-based transnational corporations such as Coca Cola and McDonald's, just like Havana before 1959, only more modern.

These and similar images were probably in the minds of many people when they heard the completely surprising news on December 17, 2014, that Cuban President Raúl Castro and U.S. President Barack Obama had agreed to resume diplomatic relations between the two countries, which had been frozen for more than fifty years.

Vatican-Mediated Prisoner Exchange

This announcement had to come as a surprise to many people, although the two chiefs of state had already shaken hands at the Nelson Mandela memorial service in South Africa in December 2013, in a symbolic (but probably accidental) gesture. As we now know, the secret negotiations had already begun at this point. In their speeches, Castro and Obama thanked the Vatican for its mediation and support, singling out Pope Francis in particular. The choice of December 17, Saint Lazarus Day, as the date for the historic announcement, indicates how important the mediating role of the Catholic Church was—not only for the mediation between the government and dissidents with-

in Cuba but also in the negotiations between the United States and Cuba. The release of 75 Cuban dissidents in 2010 was also due in large part to the mediation of Cuba's Catholic Church; Cardinal Jaime Ortega apparently already had ties of friendship with Jorge Mario Bergoglio before he became Pope Francis.

It was in response to the Pope's written request that both presidents agreed to a prisoner exchange. On the American side, Gerardo Hernández, Ramón Labañino, and Antonio Guerrero, the last of the so-called Cuban Five, were released; in return, Cuba released 53 prisoners whose freedom President Obama had requested, among them a U.S. spy who had been interned for twenty years. In addition, Alan Gross, the U.S. IT-specialist who had been working for the development organization USAID and who had been sentenced to fifteen years' imprisonment, was released on allegedly "humanitarian grounds." His arrest in 2009 for distributing illegal satellite telephones in Cuba had previously been impeding a political rapprochement between the two countries. Already by 2011, René González, one of the Cuban Five, was released on probation for good behavior; however, he was only allowed to return to Cuba in May 2013. Fernando González followed him at the end of February 2014. The last three of the Cuban Five had spent more than sixteen years in U.S. prisons after being arrested for espionage in 1998 in Miami. According to their own information, they had infiltrated Cuban exile organizations in order to prevent attacks against Cuba. Their trial ended in 2001 with long prison sentences, totalling four life imprisonments plus 77 years. In response to the pressure of public opinion and a

worldwide solidarity movement, and after several appeals processes, the sentences were reduced for three of the five in December 2009.

Sanctions Relaxed, but Embargo Remains

The prisoner exchange represents not only the first step in a political transformation but also in the development of economic exchange, as the resumption of diplomatic relations paves the way for relaxation of restrictions in the sphere of U.S. tourism, money transfers, and telecommunications. In addition, Cuba is to be removed from the U.S. list of so-called “state sponsors of terrorism,” although the embargo still remains outside of the negotiations.

The travel and trade facilitation announced by the U.S. in December 2014 went into effect one month later. According to the *Fact Sheet* published by the U.S. Treasury Department, what this concretely means is that U.S. citizens may now travel to Cuba for family visits, for journalistic, development-policy, and business purposes, as well as for other reasons without the need for special permission. This involves twelve travel categories; however, the travel ban itself is not being lifted. Cuban economic experts are nevertheless predicting three million U.S. visitors over the next few years, all of whom will be able to bring back Cuban goods for personal use with a value of up to \$400 U.S. dollars. Additionally, further U.S. export licenses are being granted, which among other things include construction materials and agricultural equipment that are intended for Cuba’s private sector. With the aim of expanding access to the Internet, telecommunication equipment and systems can now be exported to Cuba. Furthermore, the upper limit for so-called *remesas*—that is, wire transfers by Cubans living abroad to their family members back home—was raised from \$500 to \$2,000 U.S. dollars quarterly. In addition, U.S. financial

institutions may now open accounts in Cuban banks, enabling U.S. visitors to use their credit cards in Cuba. However, this is not the case for Cuban banks; the U.S. financial market remains closed to them. To reinforce civil society and give financial assistance to Cuba’s growing private sector, micro credits are being extended. Among the lifted sanctions, ships from third states transporting food, medication, and medical equipment to Cuba no longer have to wait six months before they can enter a U.S. port. On the other hand, other aspects of the embargo are being maintained: Cuba may still not use the dollar for its financial transactions, buy products from third countries containing more than ten per cent U.S. components, or maintain trade relations with U.S.-affiliated companies in third countries.

On the whole, these measures are viewed by the Cuban side as steps in the right direction. At the same time, people are clear that the road to the complete overcoming of the embargo will still be long and hard.

Looking Back at the Failed Embargo Policy

The official titles of the embargo legislation make it clear that the declared goal of U.S. policy was and is to force a political change in Cuba through economic pressure. The Helms-Burton Act (Cuban Liberty and Democratic Solidarity, or LIBERTAD, Act), passed by Congress in 1996 during Bill Clinton’s presidency, not only toughened the economic embargo but also presented a comprehensive list of conditions for a transition to democracy. The extraterritorial application of U.S. law had already been anchored in the previous 1992 Torricelli Act (Cuban Democracy Act), since it also affects U.S.-affiliated firms of U.S. corporations in third countries. In addition, this law determined that ships could not head to U.S. ports for six months after mooring in a Cuban port. This greatly increased

Cuba's trading costs and made it very difficult to be included in the world market.

The exacerbated collision course, which finally led to the adoption of the Helms-Burton Act, cannot be explained exclusively by the strong influence of the Cuban exiles in Miami. In this concrete case it appears that the Cuban exile organisation *Hermanos al Rescate* (Brothers to the Rescue) lent a hand when they sent two small airplanes into Cuba's airspace, where they were shot down by Cuban air defense. President Clinton, who wanted to veto it, saw himself forced to sign the new embargo law. The decisive difference with the preceding law involved not only the toughening of the sanctions but also the partial removal of the president's authority in matters of Cuba policy, which was transferred to the jurisdiction of Congress. This is one of the main reasons why the Democratic President Obama depends on the Republican-dominated Congress if he wants to fully carry out the announced change vis-à-vis Cuba.

If we look more closely at the catalog of conditions for lifting the embargo that this act dictates, we see that it requires an unacceptable level of political interference for the sovereign Cuban state. For example, the Helms-Burton Act stipulates that a transitional government represented neither by Fidel Castro nor Raúl Castro must be in power. Moreover, there are further required conditions such as internationally overseen elections, the dissolution of the Committees for the Defence of the Revolution and the Department of State Security in the Ministry of the Interior, the creation of an independent judiciary and independent trade unions, the allowing of private media and telecommunications firms, as well as the right to property. The act goes even further, since it not only demands a transition to democracy in the U.S. sense, but at the same time supports important economic interests in terms of compensation for confiscated U.S. property. Political scientist Bert Hoffmann encapsulates the

political consequences for Cuba: "If a political change in the sense of the anti-Castro hardliners were to really occur in Cuba, then the Helms-Burton Act is already today the undemocratic birth defect of the new situation."

As Obama vowed in his December 2014 speech, the aggressive political style has failed. The confrontational policy actually achieved the opposite of its goals, since it allowed Cuba's government to defend political stability—and thus non-change—as the guarantor of national independence and sovereignty.

Cuba's "Update"

In Cuba, foreign and domestic policy, international relations, and internal conflicts are inextricably interconnected. This is especially true of its relations to the United States. The Cuban government continually asks the U.S. to conduct a respectful dialog on the basis of sovereign equality and the recognition of national self-determination. This is also reflected in Raúl Castro's call for both states to learn to deal with each other in a civilized way, in spite of existing differences.

Although the present rapprochement can be judged an historic step forward, we must not forget that, despite the existing embargo, a not inconsiderable amount of trade is already being conducted based on special permissions that circumvent the embargo. As such, the export of U.S. products to Cuba in 2014 amounted to \$272.8 million dollars. Even if the volume of exports has gone down since 2012 (when it was \$464.5 million dollars), the U.S. remains, after Venezuela, China, and Brazil, the fourth biggest trade partner of the socialist island state. But access to the U.S. market for Cuban products continues to be blocked.

The declared goal of democratizing Cuba in accordance with the U.S. model and trans-

forming it into a market economy has not changed—but the means to it have. Thus Obama explained that Cuba's collapse is in the interest of neither the American nor the Cuban people; experience has shown, he stated, that lasting change is only possible if the people are not subjected to chaos. Obama argued that U.S. visitors to the island are the best ambassadors of American values. Through the liberalization of money transfer and the construction of telecommunications, the U.S. government intends to directly promote Cuban "civil society." Obama's strategy aims to substitute the decades-long enemy-image of the U.S. with a benevolent one that Cuba's population the American way of life.

This new strategy contains not only opportunities for private entrepreneurs, the so-called *cuentapropistas* (autonomous workers) but also, due to the growing social inequality within the Cuban population, significant risks for social peace and political stability. In the face of the collapse of the Soviet Union, Cuba has since 1991 seen itself forced to take recourse through the ad hoc reforms that introduced the dual economic system. Parallel to the socialist state enterprises of the traditional public sector, which operated with the national currency, a joint-venture sector was created and administered by the Cuban military; this sector covered the domain of tourism and legalized foreign currency as a second currency. These undesired economic-policy concessions rescued the socialist island state from collapse but at the same time contributed to undoing revolutionary achievements, as well as a largely homogenous social structure, through the enormous differences in income in the parallel economic sectors.

It can be assumed that the new streams of finance coming from the U.S. will further aggravate the already tense situation existing between reform winners and losers in Cuba. The unequal distribution of economic resources

has meant that not all segments of the population can profit from the opportunities of an opening of the private sector. Since Cuban emigrés overwhelmingly come from the white population, the *remesas* also primarily benefit this group. Thus the typical independent entrepreneur (*cuentapropista*) is white, male, and lives in Havana. The old and new *cuentapropistas* are above all characterized by their socio-economic heterogeneity; the range of roles and activities runs from survival artists to small and medium-sized entrepreneurs and cooperatives, and includes a small amount of privileged co-operation between *cuentapropistas* and state institutions. The successful ones are those that have financial support from abroad as well as solid social networks.

If the Cuban government does not succeed in carrying out an equitable redistribution through effective tax and social policies, this could seriously unsettle the basis of legitimation for the socialist model. The declared goal of the so-called updating (*actualización*) is a "prosperous and sustainable socialism," but the Cuban state leadership lacks an integrated, systematic concept for the transformation process. There is a danger that the economic focus will push the question of social justice to the background. This is also clear from Raúl Castro's programmatic slogan of abandoning *igualitarismo*—that is, egalitarian ideology and its corresponding practices—which Castro claims has been confused with social justice up until now. Equality of opportunity, and not equality of income, appears to be the declared goal from this point on.

The Cuban government predicts four per cent economic growth for 2015, while in 2014 it only achieved a 1.3 per cent growth, clearly missing its target of over two per cent. The optimistic prognosis can probably be traced back to the investment expectations for the special economic zone in the industrial port of Mariel. Although the Cuban government always empha-

sizes that it follows neither the Chinese nor the Vietnamese path in its search for a sustainable model of socialism, the “special zone for development” in Mariel does strongly resemble certain Asian predecessors. With the help of this infrastructure project, Cuba would like to attract investors from emergent countries like China and Brazil. For this purpose, in March 2014 a new investment law was passed that intends to make Cuba’s competitive position more attractive through more favourable customs and tax regulations. Although the small island of Cuba is not a big sales market in the quantitative sense, the dominance especially of Chinese investors is a thorn in the eye of the U.S. government for geopolitical reasons.

The Cuban government is striving to distance itself from the reforms in Eastern Europe—where the only thing left following attempts to build market socialism has been the market without socialism—even through the very choice of the term “updating” (*actualización*). It is still an open question as to whether the “mixed form” of market socialism is incoherent and therefore not viable for Cuba, as Harvard University Professor János Kornai maintains. Nevertheless, the Cuban government under Raúl Castro has, through economic accommodations, up to now managed to avoid a transition to capitalism. It therefore remains to be seen what will be the effect of the new bilateral relations with the United States.

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