

**THE U.S. EMBARGO AND THE
FAILURE OF THE CUBAN ECONOMY**

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ICCAS Occasional Paper Series
February 2000**

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The embargo imposed by the United States on Cuba in 1962 marked the suspension of trade and other commercial relations between the two countries. The rationale for the adoption of the embargo was based on the Cuban government's prior confiscation of property owned by citizens of that nation without compensation. As the property owners rightfully claimed at the time, the actions of the Cuban authorities constituted a flagrant breach of international law. In essence, from that original standpoint, the case against Cuba remains unchanged. Recently, all U.S. embargo-related legislation and directives have been consolidated under the Helms-Burton Act.

Historically, embargoes and blockades have been used to advance state interests, particularly in the area of international trade during the European nation states' ascendancy under their absolute monarchies. With the rise of various shades of political liberalism in the nineteenth century, embargoes have been increasingly justified as retribution for the infringement of contracts or obligations (*Pacta Sunt Servanda*) under international law and, more specifically in our own days, by their discouraging effect upon some states' systematic violation of the civil and human rights of their own nationals.

Judging by the above standards, the United States' embargo of Cuba can be classified as partial and relatively mild. First, the United States is the only nation applying the embargo in the context of a globalized world economy. Second, medications and food have always been exempted from its coverage, subject to licensing designed to avoid a totalitarian regime using them for its own benefit.

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Notwithstanding the above, successive U.S. administrations over the last 40 years have repeatedly emphasized that the primary objective of the embargo is not a punitive one. Its stated main operational purpose has not been to retaliate against Cuba's illegal confiscation of U.S. assets. Rather, the embargo has always been conceived of as a measure directed at pressuring the Cuban government to change its long-held totalitarian stance by introducing democracy and a market economy.

Clearly, the underlying logic of that policy rests on several key conditions: 1) that the embargo would severely hurt the Cuban economy, 2) that Fidel Castro and his government would of their own volition react to a severe deterioration of the economy by implementing desired changes, or else, 3) that they would be forced to do so by the threat of popular discontent, and 4) that no sizable external source(s) of resources could counterbalance the expected effects of the embargo.

In fact, in regard to the first point above, massive Soviet aid to Cuba from very early on during the embargo prevented testing of the assumption in question: What would have been the short- and long-term shocks to the Cuban economy resulting from the suspension of U.S. relations under hypothetical conditions of isolation? This must necessarily remain a speculative question. Factors such as Cuba's ability to shift its foreign trade patterns and the Cuban economy's flexibility and rapidity in redeploying its resources among various sectors in response to newly defined objectives and goals would have proved crucial in formulating a precise empirical answer to that scenario.

Nonetheless, it should be noted that even if the embargo's expected negative outcome had been substantial, that does not prove Castro's contention — namely, that he was forced to seek Soviet assistance because of U.S.-initiated actions. If anything, Castro's contention serves to substantiate the opposite: With a clear perception of anticipated consequences, Castro resolutely engaged in an extremely risky course of action, one that eventually would lead to a complete change in the character of the Cuban society and economy by creating an aberrant dependence on the Soviet bloc. It can be persuasively argued that the reactive sequential chain of events that led

Castro ultimately to declare his Marxist-Leninist affiliation, in his famous speech of 1961, required a premeditated and calculated strategy on his part. This is *a fortiori* the case if his regime's repeated refusals, from the very beginning of the Revolution, to engage even in preliminary contacts with U.S. functionaries to discuss alleged differences between the two countries is properly weighed in.

As the embargo has assumed such importance in Castro's propaganda war, it is necessary to insist on a conceptual differentiation between the short- and long-term effects of the embargo and the policy alternatives that were open to Cuba in 1962. Clearly, a sudden disruption of relations between two closely integrated economies of vastly different size will inevitably have major consequences for the smaller party in the short run. Over the long run, successful adaptations can be made, as noted below, when the evolutionary course of the Cuban economy before the Revolution will be reexamined. Cuba could have aggressively implemented other policy options short of a total incorporation into the Soviet system. After all, the precedent of a 500,000-ton sale of sugar to the Soviet Union by the Batista regime was still fresh in everyone's mind. It is not evident, if anything the opposite, that collectivizing the economy and the attendant chaos that followed upon it were the appropriate adaptive responses to the embargo.

In any event, it is highly unlikely that as astronomical a change in policy programs as that tried by Castro in the early 1960s would be decided upon in a merely reflexive manner. One wonders why, for example, the Castro regime did not announce negotiations of a compensation plan for the confiscated properties with the United States. Quite to the contrary, the Cuban regime's censorious criticism of and its confrontational attitude toward the United States were steadily raised in word and deed throughout the early 1960s. Cuba's repeated attempts at creating many Vietnams throughout Latin America were not, indeed, the best ways of dealing with the embargo issue. It is also surprising that there was no Plekhanov-like appeal for gradual change, as during the Bolshevik Revolution, nor any allowing of a Leninist (New Economic Policy — NEP) breathing period by the Castro regime. It seems that only some old members of the Partido Socialista Popular (PCP) were aware of the practical advantages of that possibility. Clearly, it did not suit Castro's plans to explore those alternatives.

It is hardly necessary to argue that the United States historically has been a natural and complementary trade partner for Cuba. It is also amply evident that the United States has over time proved to be Cuba's most beneficial source of commercial relations, financial assistance, investment, and technology transfer. From late colonial times, partnership with the United States was indispensable for Cuba's efforts at economic development, particularly from the Republic's inception until the advent of the Castro regime. As a matter of fact, not until the end of the Second World War would it have been possible to conceive of and implement effective strategies and policies designed to diversify and globalize Cuba's international economic relations. Prior to that time, although internal diversification of production had begun to take place in Cuba from the late 1920s onward (and at a much accelerated pace starting with World War II and from then on), international conditions were not conducive to Cuba's external trade or economic advancement.

Castro's Revolution was thrust upon the island nation at a crucial juncture in its socioeconomic evolution. A rapid process of industrialization and agricultural growth during the 1950s had brought Cuba a significant upward trend in output and income. Judging by indicators such as the rates of domestic savings and gross capital formation, the changing composition of sectorial output, the coefficient of foreign trade and the nature of imports, as well as important advances in the institutionalization of economic life, Cuba was on the verge of a much-anticipated economic take-off.

In effect, various economic studies published in the 1950s conclusively established the necessity of maintaining a high tempo of growth, based on the expansion of a production matrix largely dependent on the development of domestic resources and their by-products. As the population increased and traditional sources of exports in key sectors (such as sugar) proved insufficient to underpin economic development, it became essential to build synergetic domestic complexes, especially in the agro-industrial and light industry fields. The goal was to construct a solid, stable economy, less vulnerable than in the past to external shocks and capable of generating a higher standard of living for the people.

In the early 1960s, Cuba was also experiencing a process of socioeconomic modernization. A largely urbanized nation whose physical quality of life indexes and other indicators, such as level of per capita income, placed it at the forefront of its Latin American counterparts, Cuba was ready to begin the difficult transition that eventually would have transformed it into one of the most dynamic, economically competitive countries of the Western Hemisphere.

It is with that backdrop in mind that current relations between the United States and Cuba have to be analyzed. No doubt, the role of the United States in facilitating Cuba's passage to modernity and development would have been nothing short of crucial in the absence of Castroism. Cuba's institutional systems were generally quite receptive to the modus operandi of the United States. Long historical association between the two countries did amply account for that condition.

The pre-Castro Cuban economy was highly productive and efficient, even when compared with those of many other countries with considerably greater wealth and levels of income far above Cuba's. Perhaps the best single piece of evidence in favor of an assertion that may be otherwise judged as doubtful is the rapid expansion of the country's non-tradable or domestic productive sector at such close range to the gigantic economy of the United States, despite a very low level of effective tariff protection of native industries.

It is important to note the presence of two internal explanatory factors that may have largely accounted for the good performance of the pre-Castro Cuban economy, along with a third one of external origin. The former were 1) the productivity of the Cuban entrepreneurial class and 2) the fact that large segments of the labor force were engaged in industrial, professional, and service activities. The external factor was the tendency of Cuban producers to import advanced U.S. production technology, which they proceeded to incorporate into production functions reflective of Cuba's relative factor endowment. Cuban entrepreneurs' and workers' alertness, innovative disposition, and modernizing outlook in the non-traditional sectors of the economy are well-documented aspects of Cuba's economic history.

Undoubtedly, an embargo like the one now in place would have been enormously detrimental to the standard of living and the developmental prospects of an economy such as Cuba's until 1958. However, historical reality was to take an unexpected twist that radically altered the terms of reference of the question posed by the relationship between the embargo and the economy.

In assessing the historical impact of the Revolution, it is fair to say that Castro's ascent to power and the transformation of Cuba into a totalitarian political society and a collectivist economy fundamentally changed the context of Cuban citizens' lives. A new set of institutions superseded the old ones, changing practically all aspects of social life. Under the new conditions created by the Revolution, the cooperation that had characterized Cuban-American relations was disrupted beyond repair. Organizational modes, motivations, and behavioral patterns no longer meshed. Quite to the contrary, a profound ideological chasm, unrepressed hostility, and denunciatory bitterness replaced the amicable relations and climate of cordiality that had characterized relations between the two nations for over half a century. The new path on which Castro placed the Cuban society, redefining its goals and objectives in an openly antagonistic manner to the fundamental values and critical self-interest of the United States, made a confrontation inevitable.

Over the past 40 years, Castro has experimented with the Cuban economy to such an extent and in so irrational a manner that it is extremely difficult to interpret the course of events, even retrospectively. Many academic and journalistic accounts of the past 40 years of Cuban history have relied upon a fabricated pseudo-rationality, made possible by hindsight and stemming from the politico-ideological preferences and prejudices of the author. It is pathetic to observe how the convoluted efforts of so many who have tried to inject their own values or the formal principles of orthodox economics into the economics of Castroism have come to naught time and again.

The zigzagging course of Cuba's economic strategies and policies during the revolutionary period carry with them the clear marks of improvisation, infantilism, and, at times,

abject opportunism. Long-term plans and specific activities have responded to diverse and contradictory visions of the economy and society. Means and ends have changed and shifted with amazing rapidity. Correspondingly, the patterns of resource allocation have not shown any consistency or directional orientation in time. It stands to reason that unless it were to be assumed that economic strategizing and decisionmaking in Cuba were of a totally chaotic or stochastic nature and, thus, not at all intelligible in standard economic terms, it would then become necessary to look somewhere else for a satisfactory explanation of their occurrence. In the end, any attempt at imposing an interpretive rationality on the course of the Cuban economy lies in an elucidation of Castro's overall political and ideological goals and objectives, as well as their actual implementation under his direction in his role as creator and *caudillo* of the Revolution.

Castro has hypostatized his person with the idea of the Revolution and the latter, in turn, has been reified so as to incarnate the *Patria* (fatherland), making it coextensive with all those traits and attributes that are quintessentially Cuban (i.e., *cubanía*). Therefore, it follows that he, as the soul and interpreter of the Revolution, its meaning and historical concretization, must possess and exercise absolute (in practice, final and unlimited) and indefinite power over the society and its people in all aspects of their lives that may be deemed relevant to the mission of the Revolution.

Fidel Castro, like Mao Tse-Tung and Joseph Stalin, is the helmsman. He is the one who has steered the course of the Revolution. Now, the first and foremost objective of the Revolution is to preserve itself, which is tantamount to the preservation of Castro's political power and his own personal historical role. It follows that any and all actions and decisions made by Castro and his subordinates must comply with the primary objective of the Revolution. That is, everything must be focused on the all-important goal of self (Castro) preservation. Every action must be conducive to it or, at least, must not contradict it. There is no possible autonomy of society's various spheres under this all-encompassing conception of the Revolution. The economy, like everything else, is an element subordinated to the politics of the Revolution.

Moreover, it is indispensable to a clear understanding of the political strategies and tactics of the Revolution to realize that its agenda is not at all about economic development, wealth accumulation, and the fostering of the material well-being of the population. Such utilitarian values and goals rank very low on the axiological scale of Castro's universal aspirations. The Revolution's ends are essentially transcendental, transformative, and meta-individualistic in nature. As originally intended in their pristine state, they were an amalgam of late modern European nationalistic and utopian socialist values mixed with contemporary militant internationalist, ultra-leftist ideological thought and praxis. This melange, in turn, assumed the guise of a formalistic allegiance to the official creed of Soviet Marxism-Leninism, accompanied by a pragmatic political alliance with the former Soviet Union until its dissolution.

These briefly outlined observations and heuristic devices are indispensable to any attempt at expounding the meandering course of Cuba's strategic economic models for the past 40 years and are necessary background for understanding the embargo in a historical context. In a synthesized view of events, it could be said that Cuba intended to follow a variant of a forced industrialization approach during the first stage of growth-oriented policymaking by the revolutionary government. The emphasis was definitely on industrial development, which devalued agriculture in general, and, most specifically, the sugar industry, rejecting the monocultural character it had imposed upon the Cuban economy. It might be said that Cuban leaders were playing a faint version of the Soviet-type, heavy industry, "big push" game. After the failure of the industrialization drive, there was a reversion with a vengeance to sugar. Under the justifying mantle of Hegelian logic, the most general explanation for the new policy line was based on the need to deepen and aggravate existing contradictions — namely, the monocultural situation — in order to bring about their eventual disappearance. At a less rarified level of discourse, this meant that increases in sugar production and sales were necessary in order to obtain the required capital for growth.

As the decade of the 1960s waned and after the influence of "Che" Guevara had passed, Castro pushed forward his monumental dream of producing 10 million tons of sugar. What apparently would simply have represented an overly ambitious economic goal was meant to

transcend the narrow range of the utilitarian and extend beyond immediate consequences. The intended political and economic impacts, at home and in world markets and political forums, of this 10-million-ton capability that Castro wanted to demonstrate would have far-reaching and many-sided repercussions.

In any case, the grievous economic condition of the island and the disarray brought about by the failed attempt at producing the 10 million tons forced the gradual reorientation of the Cuban growth strategy toward a more balanced macro-sectoral model. By degrees and stages, the priorities and accents in resource allocation and the overall nature of the intersectoral growth process, as well as the vision of the distant objectives being pursued, shifted in the direction of the highly traditional, pre-revolutionary developmental patterns. Through the gradual adjustment of vastly bloated expectations resulting from a prolonged and costly trial-and-error period and as a consequence of the rigorous restrictions and decreased degrees of freedom eventuating from the growth limitations dictated by a historical chain of mistakes, the Cuban growth strategy returned to the well-trodden paths made familiar by the conventional wisdom of the past.

Unfortunately, a return to a more sensible and balanced growth strategy will not assure the benefits that would have accrued from its application several decades ago. Many reasons can be offered to explain the change in conditions: complicating factors arising from the politico-ideological fields; the profound impact upon motivations, attitudes, expectations, incentives, and economic behavior that the Revolution has brought about; and, naturally, the corresponding changes in the purely economic parameters and constraints under which the Cuban economy must actually function.

Factors of ideological origin also influenced the historical choices of strategy made by the Revolution and contributed significantly to condition the operations and effects of the selected strategies, shaping the nature of the parameters and constraints facing Cuba at present. The varying ideological stances adopted by the Revolution throughout its course, along with their particular *modi operandi*, help to explain the wide swings in preferred growth models and account, to a considerable extent, for the magnitude of the regime's economic failures.

Ideological naiveté and gross ignorance of the lessons taught by economic history and developmental experience are the only reasonable explanations for the Castro regime's blind adherence, in quick succession, to a Stalinist economic model and policies, to Maoist experiments in radical human and socioeconomic change, to a mildly reformist Soviet approach, and, finally, to an uneasy mix of the latter with the persistent anti-organizational traits and particular ethos of the Cuban Revolution. The method of organizing the economy, that is, its structural and functional *modi operandi*, has also been greatly influenced by ideological, cultural, and even personal traits. The conjunction of these elements helps to explain the overcentralization and rigidity of decision-making mechanisms, the unreliability of resource-allocation models, and the insistence on rigidly controlling financial operations and accounting procedures — all of which have spanned the various organizational stages of the Revolution and endowed it with an underlying thematic continuity of its own. The insistence on physicality and the almost congenital disregard for economic efficiency criteria conform to a genotypical reality, *megalomaniac caudillismo*.

In light of the above, it is reasonable to maintain that unexpected fluctuations in the prices of exportables and importables, unforeseen changes in production volumes, planning errors, managerial inefficiency, overly frequent reversals in resource allocation decisions, and other similar happenings are, for the most part, expected and “natural” in the Cuban context, at least to a larger extent than in a more balanced and pluralistic system. Charisma, authoritarian improvisation, and amateurishness certainly do not contribute to foresight or to redressing errors and evincing a concern for efficiency. The Cuban Revolutionary ethos has consistently favored grandstanding, heroics, spontaneity, and intuitiveness over instrumentality and contingency planning. In addition to all of this, the congenital proclivity of centrally planned systems toward costly mistakes and their well-known rigidity in the face of the unexpected, in conjunction with the characteristic external shocks and instabilities of underdeveloped economies, certainly surpass the worst expectations that early socialist critics had of the inefficiencies of capitalism in European societies. Cuba is a prime example of the results flowing from this hybridization of Soviet socialism and underdevelopment.

It is within this universe of discourse that it can be said that the contexture of the Cuban system resists the notion of economic efficiency as a superordinate economic guide. As noted before, this was certainly the case in the 1960s, and, to a considerable extent, has been ever since. Had economic considerations been a higher priority, Cuba would long ago have sought a less adventurous and less confrontational international operational mode. The repercussions of Cuba's external stance on its domestic life are multifarious, and no aspect of Cuban society has escaped the consequences of Castro's martial behavior as the point man of contemporary Revolutionary socialism.

In fact, this is so much the case that the fabric of Cuba's economy would be vastly different now, were it not for Cuba's unswervingly close alignment with and dependence upon the Soviet Union until the early 1990s. For one thing, the substantial financial aid and singular trade advantages and subsidies it possessed for almost 30 years would not have existed under different political circumstances. The inescapable conclusion is that the Cuban economy is inherently conditioned by the country's past association with the Soviet Union. This extends even to the institutional forms and economic policies adopted by the Revolution, particularly from the early 1970s on. It is simply impossible to speak of the Cuban economy as an autonomous reality, separate from its role as the revolutionary vanguard of Soviet socialism in the Third World.

Obviously, whatever Cuba has attained internally has been done after satisfying its more important politico-ideological values, which have severely limited and constrained its achievements in the economic field. The Cuban economy has been thoroughly molded by severely distorting conditions that have carried it far afield from what would have been a more efficient path. As noted previously, economic values have also played a subsidiary role. The inherent contradiction between overly ambitious domestic and international political and ideological values, on the one hand, and economic values, on the other, has been consistently resolved in favor of the former to the detriment of the latter.

Finally, it should be noted that the preceding observations apply to the Cuban case in a more relevant fashion than they would to the former Soviet Union and, *a fortiori*, to the socialist

Eastern European countries. Although it is arguable that any political framework beyond that strictly necessary to operate an individualistically oriented economy would limit economic well-being, there are vast quantitative differences among various politico-economic systems. The smaller, more underdeveloped, more open and specialized an economy is and the greater its subservience to non-economic goals, the graver the infringement upon its citizens' well-being and the higher the economic price to be paid. In the case of Cuba, it is difficult to imagine how the price could have been any higher than it has been.

While Cuba was closely associated with the Soviet Union, the issue of the embargo did not often surface in the pronouncements of Fidel Castro or of other members of his regime. If anything, the topic was mentioned in order to remind the citizenry of the unflagging hostility of the United States toward Cuba, while emphasizing U.S. fecklessness in attempting to debilitate the Revolution. The Soviet Union was duly thanked for its fraternal solidarity with Cuba and its generous assistance to the Revolution.

Perhaps a momentary reflection in the years prior to the fall of the Soviet Union would have made all Cubans conscious of the magnitude of their dependence on their patron. In fact, there is no other case in memory of a country receiving an annual subsidy, which when denominated in dollars, proved to be larger than the gross domestic product (GDP) of the recipient, also measured in that currency. One paradoxical lesson to be learned from this experience is that the revolutionary regime, while allegedly trying to reaffirm the nation's sovereignty, only succeeded in greatly increasing its dependence on another state. In other words, the price paid for making the embargo irrelevant was the transformation of Cuba into an appendix of the Soviet bloc. Additionally, monstrous distortions in the pattern of resource allocation, leading to structural deformations of the economy, have inflicted permanent damage on its efficiency and stability. Endemic weaknesses were aggravated in the process, as was the case with the sugar monoculture and the failed plan to produce 10 million tons of the commodity in 1970, followed by the assignment to Cuba of the role of sugar supplier to the Council for Mutual Economic Assistance (COMECON/CAME) under the so-called principle of socialist international division of labor.

All of these horrors were to become patent for all to see after the period from 1990 through 1991, when Cuba's trade relations with COMECON/CAME and the Soviet subsidization of the economy began to evaporate rapidly. This economic disjunction directly led to an almost instantaneous contraction of the Cuban global social product (GSP) by an estimated 35 percent to 50 percent. This was the ultimate proof of the artificiality and unviability of the Cuban economy. Weaned from COMECON/CAME, the economy could not reach an equilibrium of its own.

In fact, the only reason why the Cuban economy has not utterly collapsed is because of the hefty remittances it continues to receive from various sources. The two main ones originate from Cuban exiles and non-governmental organizations in the United States. Annual income flows from the former on the order of US\$800 million in-kind and cash, on top of other aid by philanthropic organizations worth a few hundred million dollars, should serve to dispose of the purely humanitarian objections to the embargo. Additionally, Cuba has succeeded in persuading some European and Latin American countries, as well as Japan and Canada, to finance its cumulative level of external indebtedness, mainly in the form of short-term commercial credit. These credits have allowed Cuba to run exceptionally high and growing deficits in its commercial balance during the 1990s. This situation, however, seems to be coming to an end, as non-performing loans keep on accumulating and as Cuba proves unable to repay principal or interest on them.

A telling indication of the lack of competitiveness of the Cuban economy is the fact that the magnitude of the steadily escalating annual deficits in foreign trade (nearly US\$2 billion at the close of the 1990s) comes close to the total value of commodities exported by the country. At the same time, a sustained increase in the level of imported goods without a corresponding growth in the GSP point to the internal inefficiency of the economy. Otherwise, the disastrous performance of Cuba's economy has been abundantly documented and does not bear detailed repetition. Enormous subsidies to both manufacturing and agricultural enterprises — including, in the case of the latter, over two-thirds of the non-sugar cane growing, so-called basic units of agricultural production (BUAP/UBPC) and practically all those dedicated to the cultivation of sugar cane — constitute unexceptionable testimony to the overall insolvency of the economy.

Moreover, both open and disguised unemployment hover at about one-third of the labor force, with those employed registering a low and declining level of labor productivity. About 70 percent of the industrial plant of the nation is compromised and affected by adverse conditions, ranging from obsolete equipment, scarcity of spare parts, and lack of maintenance, to energy shortages and inadequate financing. On the whole, energy-guzzling, outdated, and inefficient Soviet and Eastern European technology and equipment characterize the productive capital of the nation. Many important activities, principally among them the sugar industry itself, operate under negative value-added conditions. To boot, the conditions of the economic and social infrastructures of the country are truly dismal, with an unavoidable and absolutely minimum investment quantum of no less than US\$6 billion to \$10 billion looming in the near future. Tourism, the only bright spot in the picture, is a relatively minor industry. Under the repressive conditions of the Cuban society and given the risks to property and business rights attendant to investment in a socialist nation, Cuba cannot compete successfully with neighboring destinations. Moreover, the tourism industry's extremely high average propensity to import, reported at about 70 percent by Cuban authorities, substantially impairs its capacity to generate net income.

Under Castro, the Cuban economic system has not become more stable, diversified, or self-reliant. Despite the astronomical value of Soviet subsidies to Cuba for nearly 30 years, totaling somewhere between US\$50 and \$100 billion (perhaps even more, depending on the ruble/peso rate of exchange applied and the criteria employed in assessing the value of COMECON/CAME's exports to Cuba, and, conversely, Cuba's exports to COMECON/CAME), the Island's perennial economic lopsidedness and imbalances, lamented by Cuban economists of the Sociedad Económica de Amigos del País in the eighteenth century and again by Castro and "Che" Guevara in 1959, continue to exist. As in the past, primary commodity prices in world markets hold the key to Cuba's economic fortunes.

At this stage in our reflections, the question must be posed once again: In what way(s) does the U.S. embargo harm the Cuban economy? The answer to that query requires the

specification of one condition, namely, the nature of the politico-economic scenario that determines the terms under which the question is to be answered.

Under the hypothetical, might-have-been kind of world that would have obtained in Cuba if Castro had not come to power, the imposition of an embargo on Cuba by the United States would have had very serious consequences, stunting the economy at first and subsequently arresting or even reversing developmental efforts for a good number of years.

Under the real world of Castroism, however, the answer must be a terse one: none. The embargo has not harmed the Cuban economy. Cooperation between the United States and Cuba would have been impossible from the very beginning of the Revolution for legal, political, ideological, strategic, and economic reasons, not to mention others of a philosophical or moral character. In other words, it was in the past, and continues to be at present, contrary to the United States' national interest and to its fundamental foreign policy orientation and objectives to lift the embargo under Castro's conditions: that is, without a firm commitment to the political democratization and market reforms that his regime has stubbornly opposed for the last 40 years. However, if, purely for the sake of an intellectual exercise, we were to assume that the embargo had never existed, its nonexistence would have had no effect whatsoever on the Cuban economy. Castro simply would have squandered U.S. instead of Soviet resources. Given Castro's objectives and policies, the ultimate result for the Cuban economy could not have been any different, regardless of who had financed his Revolution.

In conclusion, the United States should not accept responsibility for Castro's political conduct. His catastrophic decision to remove a prosperous, modernizing society from the western world's political and economic orbit in order to have it join the Soviet bloc is one for which he must assume full responsibility. It is of utmost importance to realize, as mentioned before, that the purpose of the embargo was never primarily a punitive one. Instead, the embargo was conceived of as a *cordon sanitaire* placed around a totalitarian and brutal dictatorship, which was at its beginning and continued long afterward to be bent on subverting by force the governments of other nations, proudly proclaiming its undying enmity toward the United States and its system

of governance, totally oblivious to international law, and willing to resort to any extreme in order to fulfill its objectives.

Castro has demonstrated that a political system can shape an economic system almost at will, albeit at a price — sometimes, as in this case, at an enormous cost to the society. It can be said without exaggeration that the Cuban economy has been tailored to Castro's specifications. In Cuba, we have an example of a small, open, underdeveloped country with scant energy potential and a very limited mix of natural resources, but fortunately a few miles away from the largest market in the world, to which it had access under highly favorable conditions. And then, Cuba was forcibly transmuted into a rigid, hierarchical, centrally planned and abysmally inefficient economy run by a despotic *caudillo* and his guerrilla cadres. To boot, Castro has also felt free to interfere at his discretion in the planning and administration of the Cuban economy, which he has proceeded to align with the under- or semi-developed socialist nations of COMECON/CAME. These countries, in turn, proved to be unreliable suppliers, providing, for the most part, substandard goods that did not contribute in any way to the economic development of Cuba. If anything, the very opposite: by assigning to the Island the static production mode of a plantation-like type of economy within the frame of CAME, they relegated Cuba to the role of an underdeveloped producer of primary goods. As a result of Castroism's acceptance of that model, the Cuban economy is in a state of disarray. If Cuba is ever to regain past levels of efficiency and productivity, the society and its institutions will have to be completely revamped. Partial reforms will not do. Political democracy and a market type of economy will have to be fully adopted.

The lessons from Eastern Europe and the former Soviet Union, and also those of Russia after the fall of communism, are unequivocal in this respect. There are no halfway houses in the process of reform. Collectivism and central planning, on the one hand, and private property and markets, on the other, are incompatible principles. They cannot be organically fused or melded in the organization of economic life. Moreover, the two ideologies and their modus operandi are diametrically opposed.

In Cuba, not even the kinds of systemic or integrated reforms that were introduced in Hungary or Poland from the late 1960s on have ever been attempted. Castro's half-hearted approach at reforms has been a minimizing and temporary one, designed to obtain the wherewithal for his regime's survival and to mitigate potentially dangerous expressions of popular discontent. Castro, as he has reiterated on innumerable occasions, is no reformer of Marxist socialism.

It follows, from all of the above, that a lifting of the embargo at this time would only serve the purpose of facilitating to Castro desperately needed resources, mainly in the form of credit lines extended by international organizations such as the International Monetary Fund, the World Bank, and the Inter-American Development Bank, and also by private banking and other financial institutions. This financial influx would serve to strengthen his 40-year stranglehold on the Cuban people. Furthermore, to those who believe that greater contacts between the United States and Cuba would further the cause of democratization, it should be pointed out that such hopes definitely have not been validated by the experience of Marxist societies from the inception of the New Economic Policy in the Soviet Union, which followed the stage of War Communism, up to the last efforts at reforming socialism in Eastern Europe in the late 1980s. In these countries, trade, foreign investment, and loans led hermetic lives of their own, oblivious to and unaffected by the rest of society. There is no historical precedent for drawing hope from the Cuban experience. As a matter of fact, it could be realistically argued that the opposite has happened. As the Cuban regime succeeds in solidifying itself, as a result of the legitimacy conferred upon it by other nations and by an augmented flow of resources, its repressive proclivities have increased in parallel fashion. Trade and investment with totalitarian states have not weakened or eroded those states; rather, the contrary has always been the case. Castro's regime is certainly no exception to the rule and, in fact, categorically confirms it. Only pressure has led Castro temporarily to implement some timid reforms that he subsequently has either partly rescinded or revoked altogether. Cuba has established for all to see a system of apartheid — which is openly and vigorously enforced — between foreigners and Cuban nationals.

Despite more than 400 joint ventures with foreigners and over 1 million tourists boasted by official Cuban sources, the wall of separation between foreigners and Cuban nationals remains impenetrable. Furthermore, the Cuban government carefully examines each investment proposal before making a decision on it. Potential political and economic repercussions are explored in order to assess their convenience. Nothing that threatens to prejudice the state politically will be accepted, even if the economic benefits are attractive. Foreign investors in Cuba have to be very pliant and play by the “rules” of the government, including economically exploiting the labor force, depriving workers of their most elementary rights, and, frequently, contaminating the environment. Such exploitation, deprivations, and depredations are gladly performed by many investors in exchange for rapid and lucrative returns. Therefore, we must not expect to find much of the libertarian spirit or humanitarian concern among those businesspeople in present day Cuba.

Let us ask one final time: Who would benefit from the abrogation of the legislation enabling the U.S. embargo on Cuba? Unquestionably, such a move would be greatly advantageous to Castro’s personal purposes and would also favor those who seek to obtain commercial gains from doing business in Cuba, heedless of the costs of their unbridled ambition to the Cuban people. What would constitute a gross deception, however, would be to advance the claim, as some do, that such a policy change would contribute to Cuba’s freedom or to its economic development.

No doubt, Cuba after Castro will experience very serious difficulties in resuming its process of economic development and rejoining the world economy. Nothing short of a complete ideological turnaround and wholesale restructuring of its political, social, and economic systems would allow the country to begin to face the arduous tasks lying ahead. The Cuban nation has suffered enormously under Castro. The reconstruction process will inevitably be costly and laborious. The last thing the Cuban people need is to be visited by another plague. Spare them the sanctimonious chicanery and knavery of those who abuse and misuse the market for their own greed. Piñatas and mafias are not the way to build free and prosperous societies. *Vide* Nicaragua and Russia. Let Cuba not follow suit.