

# Globalization's Unlikely Opportunist: Castro's Cuba Shapes the Paradigm for Economic and Political Stability in Latin America

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## I. INTRODUCTION

Neo-liberalism and its alleged negative consequences have become the rallying cry behind which left-leaning Latin American heads of state have joined forces.<sup>1</sup> During January 2003, Fidel Castro of Cuba, Lucio Gutierrez of Ecuador, Luiz Inácio Lula da Silva of Brazil, and Venezuela's Hugo Chávez met in Ecuador to celebrate the presidential inauguration of Gutierrez, and to discuss the economic and political troubles of Latin America.<sup>2</sup> Neo-liberalism is the term used by these leaders to "describe a whole gamut of United States-inspired free-market economic policies that [they] contend have failed to deliver economic growth with social justice in the developing world."<sup>3</sup> All four leaders share in their "opposition to the unfettered market reforms that have failed so far to bring prosperity to Latin America," in their "concern about the burdensome foreign debts that stagger many nations in the region," and, in their "wariness about the United States meddling in their affairs."<sup>4</sup> The leaders are seizing upon the "opportunity to shape events in the region, rather than leav[ing] it to the United States to set the agenda."<sup>5</sup>

This Comment presents the argument that Fidel Castro has created a model for other Latin American countries to follow in their quest for economic and political stability in the region. The Cuban paradigm is composed of many elements, including legislative reform, foreign investment, and the dollarization of the economy.<sup>6</sup> However, it is not the components which form the model for other countries, rather, it is the driving philosophy behind Cuba's success which creates the paradigm.

Although Cuba has historically been perceived as economically crushed under the weight of the U.S. embargo, the island has positioned itself to make a major comeback.<sup>7</sup> When the first strains of globalization began to affect the world in the 1980s, Cuba had a preferential economic arrangement with the Soviet Union.<sup>8</sup> However, by the early 1990s, the

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1. See Juan Forero, *Latin America's Political Compass Veers Toward the Left: Latin Leftist Leaders Expand the Club to 4*, N.Y. TIMES, Jan. 19, 2003, at 4.

2. *Id.*

3. Tony Smith, *Chavez Seeks to Expand Group for Mediation Talks*, N.Y. TIMES, Jan. 19, 2003, at 4.

4. See Forero, *supra* note 1.

5. *Id.*

6. See Kevin Fedarko, *Open for Business*, TIME, Feb. 20, 1995, at 51-52.

7. Pedro Monreal, *Sea Changes: The New Cuban Economy*, in 32 NACLA REP. ON THE AMERICAS: INSIDE CUBA, Mar./Apr. 1999, at 21 [hereinafter NACLA REP.].

8. See WILLIAM V. WALLACE & ROGER A. CLARKE, *COMECON, TRADE AND THE WEST* 98 (Frances Pinter Publishers 1986).

financial support from the Soviet Union disappeared, and Cuba was left facing an unfamiliar world characterized by a globalized economy, as well as an embargo imposed by an economic powerhouse.<sup>9</sup> With an infinitely expansive determination and strong sense of national identity, Cuba carved out a niche customized to its unique situation within the new global economy.<sup>10</sup> Although predictions pointed toward the failure of Cuba in its attempt to integrate itself into the international trading regime, the country beat the odds through the use of specialized strategies.<sup>11</sup> These strategies included the rewriting of the Cuban Constitution to attract foreign investment, as well as the bolstering of the tourism industry and dollarization of the economy.<sup>12</sup>

Now, the question remains: What does the future hold for this anomaly called Cuba? With an aging, albeit strong and charismatic leader, and bifurcated population due to a dual economy, many wonder how well Fidel Castro can lead other Latin American countries toward economic and political stability and how much longer the island can survive with its current economic policies and system of governance.<sup>13</sup>

Part II begins by examining U.S.-Cuba trade relations, specifically, the legislative history of the U.S. embargo against Cuba. Part III analyzes the economic strategies and policies employed by Cuba in order to survive in a global economy after the collapse of the Soviet empire. Part IV examines the economic and political future of Cuba; discusses the similarities between the political climates in Ecuador, Brazil, Venezuela, and Cuba; and concludes Cuba offers a viable model for other Latin American countries. Finally, Part V summarizes the Cuban strategy vis-à-vis globalization.

## II. U.S.-CUBA TRADE RELATIONS

Cuba. *Mi Cubita bella*, its people call it—"my beautiful little Cuba." An island of soft beauty, rolling green hills, and graceful royal palms; an island of haunting music and sad legends; an island that has always had a certain fascination for Americans—and since 1959 has frustrated and bedeviled them. Cuba.<sup>14</sup>

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9. See James M. Cooper, *Creative Problem Solving and the Castro Conundrum*, 28 CAL. W. INT'L L.J. 391, 396 (1997).

10. See discussion *infra* Part III.

11. *Id.*

12. *Id.*

13. *Id.*

14. WAYNE S. SMITH., *THE CLOSEST OF ENEMIES: A PERSONAL AND DIPLOMATIC ACCOUNT OF U.S.-CUBAN RELATIONS SINCE 1957*, at 13 (W.W. Norton & Co. 1987).

Cuba's economic relationship with the United States is an extension and reflection of their political history.<sup>15</sup> In order to understand Cuba's peculiar economic situation and to predict the country's financial future, it is necessary to examine the historical ties between the two countries.

Entire books have been written on the subject of U.S. trade restrictions against Cuba. While this Comment does not focus on the embargo, no academic writing on Cuba, particularly one pertaining to the island's survival in a globalized economy, is complete without a discussion of U.S. trade policy toward Cuba.

#### A. *The Pre-Embargo Era*

Today the words "Cuba" and "Fidel Castro" are so inextricably linked that many have forgotten the country's pre-Castro history. Trade between Cuba and the United States amounted to more than one billion dollars prior to 1959, with seventy percent of Cuba's foreign investment coming from the United States.<sup>16</sup> By the 1950s, Cuba had achieved the status of a protectorate, a quasi-territory, due to its role as chief exporter of sugar into the United States.<sup>17</sup> However, this changed in January 1959, when "Castro and his July 26th Movement came to power . . . after a long guerilla campaign against the U.S.-supported regime of Fulgencio Batista."<sup>18</sup> Castro immediately began to solicit trade arrangements with the Soviet Union, which led to the exchange of Cuban sugar for Soviet oil.<sup>19</sup> The Soviet government also provided "trade credits, technical assistance, and a supply of crude and refined petroleum."<sup>20</sup> The United States was unsettled by Cuba's new relationship with the Soviet Union, as well as the presence of members of the Cuban Communist Party in Castro's government.<sup>21</sup> On July 6, 1960, American President Dwight D. Eisenhower suspended Cuba's sugar quota to the United States.<sup>22</sup> Castro's government reacted to the suspension of the sugar quota by revising the country's laws to authorize the nationalization of American property in Cuba.<sup>23</sup> Many historians cite the nationalization of the Texaco

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15. See ROBERT F. SMITH, *THE UNITED STATES AND CUBA: BUSINESS AND DIPLOMACY, 1917-1960*, at 82 (Bookman Assoc. 1960).

16. PEDRO PRADA, *ISLAND UNDER SIEGE: THE U.S. BLOCKADE OF CUBA* 12 (Ocean Press 1995).

17. See Cooper, *supra* note 9, at 395.

18. *Id.*

19. See SMITH, *supra* note 14, 52.

20. Cooper, *supra* note 9, at 395.

21. Susan Kaufman Purcell, *Cuba, in ECONOMIC SANCTION AND AMERICAN DIPLOMACY* 35 (Richard N. Haas ed., Council on Foreign Relations, Inc., 1998).

22. Cooper, *supra* note 9, at 395.

23. *Id.*

oil refinery as the end of meaningful diplomacy between the two countries.<sup>24</sup>

*B. The Nineteen Sixties and Seventies*

The expropriations amounted to 2.25 million acres previously owned by the United States, as well as an estimated 2 billion dollars in property loss.<sup>25</sup> In response, the U.S. government demanded fair compensation for the expropriated properties.<sup>26</sup> In October 1960, once clear Cuban reparations were not forthcoming, the United States banned all exports of American products to Cuba, except for food and medicine.<sup>27</sup> The next two years brought the Bay of Pigs invasion and the Cuban Missile Crisis.<sup>28</sup> These events led to the 1962 expansion of the embargo by President John F. Kennedy.<sup>29</sup> Specifically, the expanded embargo prohibited (1) the exportation of U.S. goods to Cuba and the importation of Cuban goods into the United States, *including foodstuffs and medicine*; (2) all other types of commercial activity between the countries; (3) imports of third country products containing Cuban materials; (4) American travel to Cuba (except for official diplomatic missions, journalists, special professional endeavors, or family purposes); (5) third country ships visiting Cuba and subsequently docking in a U.S. port; and (6) open trade between Cuba and U.S. subsidiaries.<sup>30</sup>

The American government held steadfast to its stance, spurned on by the Cold War.<sup>31</sup> Per the rhetoric of the era, Cuba was antidemocratic, and needed to be dealt with accordingly.<sup>32</sup> Rather than forcing Castro out of power, however, the embargo merely pushed Cuba into joining the Council for Mutual Economic Assistance, the communist trade bloc

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24. *See id.* "Texaco refused to refine oil received from the Soviet Union," resulting in the "confisca[tion of] all of the company's assets located on the island" by the Cuban government. *Id.* Eventually the Cuban government also confiscated assets of Esso and Shell. *Id.*

25. BRUDERHOF FOUND., *IMPACT OF THE U.S. EMBARGO ON CUBA* (Plough Publ'g House 1998).

26. Cooper, *supra* note 9, at 395.

27. *See id.*

28. LOUIS A. PÉREZ, JR., *CUBA BETWEEN REFORM AND REVOLUTION* 331 (Oxford Univ. Press, 2d ed. 1995).

29. Cooper, *supra* note 9, at 395.

30. PRADA, *supra* note 16, at 6.

31. *See* LOUIS A. PÉREZ, JR., *CUBA AND THE UNITED STATES: TIES OF SINGULAR INTIMACY* 248-49 (Univ. of Georgia Press, 2d ed. 1997).

32. *See id.*

association.<sup>33</sup> The Cuban economic alliance with the Soviet Union added legitimacy to the U.S. position regarding trade relations with the island.<sup>34</sup>

### C. *The Early Nineties*

#### 1. Cuban Democracy Act

When the Soviet empire collapsed in the late 1980s and eventually discontinued its financial support of Cuba in the 1990s, the United States failed to maintain a policy consistent with the changed situation.<sup>35</sup> In fact, instead of gradually being lightened, the embargo became increasingly more stringent.<sup>36</sup> Thirty years after President Kennedy expanded the embargo, Congress passed the 1992 Cuban Democracy Act, also known as the Torricelli Bill after its sponsor, Senator Robert Torricelli.<sup>37</sup> The Act strengthened and solidified American commitment to the embargo by (1) prohibiting foreign-based subsidies of U.S. companies from trading with Cuba, (2) travel to Cuba by U.S. citizens, and (3) family remittances to Cuba.<sup>38</sup> The purpose of the legislation was “to seek a peaceful transition to democracy and a resumption of economic growth in Cuba through the careful application of sanctions directed at the Castro government. . . .”<sup>39</sup> This idea was further embodied in the Act’s waiver provision, which provides, “The President may waive [the sanctions] if the President determines . . . that the Government of Cuba . . . has held free and fair elections. . . .”<sup>40</sup>

#### 2. Helms-Burton Act

Cuba’s trading partners condemned the legislation, but this did not deter Congress from continuing to pursue harsher forms of the embargo.<sup>41</sup> In 1995, North Carolina Senator Jesse Helms and Indiana Congressman Dan Burton introduced the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1995, more commonly referred to as the Helms-Burton Act.<sup>42</sup> Senator Helms was frank in explaining the purpose

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33. See WALLACE & CLARKE, *supra* note 8, at 98.

34. PÉREZ, *supra* note 31, at 264.

35. *Id.*

36. See *id.*

37. See Philip Brenner, *Washington Loosens the Knot (Just a Little)*, in NACLA REP., *supra* note 7, at 41-42; Cuban Democracy Act, 22 U.S.C. §§ 6001-6010 (2000).

38. See PÉREZ, *supra* note 31, at 264-65.

39. 22 U.S.C. § 6002(1).

40. *Id.* § 6007(a)(1).

41. Cooper, *supra* note 9, at 398.

42. See Cuban Liberty and Democratic Solidarity Act (LIBERTAD), 22 U.S.C. §§ 6021-6091 (2000).

of the Act, “Whether Castro leaves Cuba in a vertical or horizontal position is up to him and the Cuban people. But he must and will leave Cuba.”<sup>43</sup>

When Helms-Burton was first proposed as a bill, it was not taken seriously due to progress in diplomatic relations between Cuba and the United States.<sup>44</sup> The amelioration included talks between the countries during 1994 and 1995, regarding the establishment of procedures to ensure orderly migration from Cuba to the United States.<sup>45</sup> In 1995, President William J. Clinton also announced measures to expand “people-to-people contacts . . . to allow U.S. NGO’s to fund projects in Cuba, and to provide . . . funding to U.S. NGO’s for Cuba-related projects.”<sup>46</sup> Helms-Burton was largely ignored initially, as the Clinton Administration pursued “dialogue and engagement” through a policy of “calibrated response” with Cuba.<sup>47</sup> This policy saw the United States “respond[ing] proportionately to Cuban reforms; small shifts in Havana’s policies were to be met with small shifts in U.S. policy.”<sup>48</sup> In May of 1995, President Clinton

announced that he would oppose the *Helms-Burton Bill*, still languishing in Congress. The Cubans then took a number of unilateral steps towards some reform. The Cuban government approved a license for Cable News Network, increased relations with the Catholic Church, further opened the Cuban economy to joint ventures, slowly allowed some forms of private enterprise, and released some political prisoners.<sup>49</sup>

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The term “economic embargo of Cuba” refers to—(A) the economic embargo (including all restrictions on trade or transactions with, and travel to or from, Cuba, and all restrictions on transactions in property in which Cuba or nationals of Cuba have an interest) that was imposed against Cuba pursuant to [the Cuban Democracy Act], or any other provision of law; and (B) the restrictions imposed by section 902(c) of the Food Security Act of 1985.

*Id.* § 6023(7).

43. Fedarko, *supra* note 6, at 53.

44. Cooper, *supra* note 9, at 398.

45. PÉREZ, *supra* note 31, at 268-69. The migration agreement was a response to the increasing number of *balseros* (rafters) attempting to enter the United States illegally. *See id.* The arrangement included a promise by the United States to allow a minimum of 20,000 Cubans to legally enter the country annually in exchange for a pledge by Cuba to prevent illegal departures of Cubans from the island. *Id.*

46. U.S. Embassy, Chronology of U.S.-Cuban Relations, 1958-1998, at <http://usembassystate.gov/havana/wwwh0017.html> (last visited Mar. 17, 2003) [hereinafter Chronology].

47. Cooper, *supra* note 9, at 398.

48. *Id.*

49. *Id.* at 399.

However, there were some groups within the United States, particularly Miami Cubans, who were intent on dismantling Castro's communist regime, even if their efforts stymied the ongoing reconciliation process between the two countries.<sup>50</sup> Brothers to the Rescue, a group run by Miami Cubans, flew small planes in the international airspace around Cuba, in order to drop anti-Castro pamphlets to the Cuban population.<sup>51</sup> On February 26, 1996, two Brothers to the Rescue aircraft allegedly entered Cuban airspace while dropping pamphlets and were, subsequently, shot down by Cuban MIGs.<sup>52</sup> The immediate reaction of the United States was to push for ratification of the Helms-Burton Bill as sanction and punishment for the downing of the planes.<sup>53</sup> The U.S. response was amplified by politics; 1996 was an election year and President Clinton did not want to lose the vote of Miami Cubans.<sup>54</sup> Less than a month after the shooting of the planes, on March 12, 1996, the Helms-Burton Act was signed into law.<sup>55</sup> President Clinton's "calibrated response" went down with the planes and "[s]o had his freedom to maneuver politically around the issue of Cuba."<sup>56</sup>

The Helms-Burton Act, among other things, enacted "penalties on foreign companies doing business in Cuba," and permitted "U.S. citizens to sue foreign investors who make use of American-owned property seized by the Cuban government."<sup>57</sup> Helms-Burton is arguably the most controversial addition to the U.S. embargo against Cuba for several

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50. See PÉREZ, *supra* note 31, at 264. Miami Cubans represent a large voting bloc in vote-rich Florida. *Id.*

51. Cooper, *supra* note 9, at 399.

52. *Id.* In 1997, a U.S. judge ordered Cuba to pay almost \$187 million dollars in damages to the families of the three Cuban-Americans who were killed in the incident. *Id.* at 399 n.29.

53. See PÉREZ, *supra* note 31, at 270.

54. See *id.*

55. See Cooper, *supra* note 9, at 400.

56. *Id.*

There are some who believe that Castro may have precipitated the resurrection of the Helms-Burton Bill . . . by purposely shooting down the two airplanes. . . . Knowing that the impending U.S. legislation would send a chilling effect to foreign investment on his island, Castro may have wished to slow down the dollarization of his country's economy and the concurrent bifurcation of society into those with dollars and those without. In essence, the passage of the Helms-Burton Act has been a boon to Castro's regime. Domestic support for the Communist regime had been flagging. The regime could shut down a pro-democratic political council in Cuba that had been planning more dissident activities. Moreover, the party-controlled Cuban press could assist Castro in playing the nationalist card by claiming that the U.S. simply wanted to return Cuba to the pre-1959 *status quo ante*.

*Id.* at 400 n.31.

57. See Chronology, *supra* note 46.



reasons. First, the Act codifies all Executive Orders and Regulations regarding the embargo, making it necessary for Congress, not the President, to amend any existing law.<sup>58</sup> Prior to the enactment of Helms-Burton, “the embargo was based solely on Presidential Executive orders. It could be tightened or loosened at the President’s discretion as conditions and, more likely, geopolitics dictated.”<sup>59</sup> However, after Helms-Burton, the President could no longer formulate policy toward Cuba without congressional approval.<sup>60</sup>

Second, the Act permits American citizens to sue anyone “trafficking” in American property seized by the Cuban government in U.S. federal court (title III).<sup>61</sup> This provision was considered a massive over-extension of the “extraterritoriality of American law.”<sup>62</sup> Then-President Clinton recognized that title III created the potential for a deluge of individual and class action lawsuits.<sup>63</sup> In reaction to this realization, President Clinton successfully negotiated the right to suspended enforcement of the title III provisions for six-month periods.<sup>64</sup> As a result, throughout his tenure in office, President Clinton continually suspended title III, citing “U.S. led multilateral initiative[s] to promote democratic change in Cuba.”<sup>65</sup>

#### D. *International Criticism*

The quasi-permanent suspension of title III was also a way of lessening the international condemnation of the U.S. embargo against Cuba. Critics of the trade policy ranged from Pope John Paul II to the European Union (EU) and the United Nations.<sup>66</sup> During his January 1998 visit to Cuba, the Pope denounced “the blind market forces of global capitalism” and called for an end to “oppressive economic measures—unjust and ethically unacceptable—imposed from outside the country.”<sup>67</sup> The Pope’s condemnation of the U.S. embargo further “undermined international acquiescence in the embargo. Several South

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58. Cooper, *supra* note 9, at 400.

59. *Id.*

60. *See id.*

61. *Id.*

62. *Id.* at 401.

63. *Id.* Just after Helms-Burton was signed by President Clinton, Nicolas J. Gutierrez, Jr., of the Miami law firm, Adorno & Zeder, created seventy-five Florida corporations as potential plaintiffs so that even non-U.S. nationals could sue under the new Act. *Id.*

64. *Id.*; *see also Clinton Suspends Embargo Law Suit Provision*, 17 CARIBBEAN UPDATE 5 (Mar. 2001).

65. *See Chronology, supra* note 46.

66. *See Cooper, supra* note 9, at 402-06.

67. Brenner, *supra* note 37, at 44.

American countries signed trade pacts with Cuba” in the months following the pontiff’s visit to the island.<sup>68</sup>

The European Union took a stronger stance against U.S. policy toward Cuba.<sup>69</sup> The EU had previously released an official statement, regarding the Torricelli Bill, stating in part, “the European Community and its Member States cannot accept the extraterritorial extension of U.S. jurisdiction as a matter of law and policy,” prior to the enactment of Helms-Burton.<sup>70</sup> The blatant disregard for the sovereignty and self-determination of other countries displayed by the Helms-Burton Act further angered the EU.<sup>71</sup> In June 1996, the EU “threatened to retaliate against . . . American attempts to impose extraterritorial secondary boycotts against . . . countries.”<sup>72</sup> By October, the EU requested a World Trade Organization (WTO) dispute panel hearing in order to challenge Helms-Burton.<sup>73</sup> President Clinton responded by negotiating with the European Union and in April 1997, the two parties reached an agreement.<sup>74</sup> The United States and the EU agreed to work together to develop binding international disciplines to deter investment in confiscated properties in exchange for the EU suspending its WTO case.<sup>75</sup>

During the fall of 1999, the United Nations General Assembly voted on its stance toward the U.S. embargo of Cuba.<sup>76</sup> One hundred fifty-seven countries voted to condemn the embargo.<sup>77</sup> “Only Israel, which itself trades with Cuba, voted with the United States,” against the official position.<sup>78</sup>

#### *E. A Less Restrictive Embargo*

In January 1999, prior to the UN vote, the Clinton administration made some positive changes in U.S. policy toward Cuba. While the changes may seem “modest,” they “created wedges in the embargo that had seemed iron-clad when the restrictive Helms-Burton Bill became law in 1996 . . . the changes further undermined the rationale of the embargo

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68. *Id.*

69. *See* Cooper, *supra* note 9, at 406.

70. *See id.* at 405.

71. *See id.* at 406.

72. *See id.* (citation omitted).

73. *See id.*

74. *See* Chronology, *supra* note 46.

75. *Id.*

76. Brenner, *supra* note 37, at 45.

77. *Id.*

78. *Id.* (citation omitted).

and weakened U.S. demands that other countries abide by its extraterritorial provisions.”<sup>79</sup> These positive developments included (1) the allowance of sales of food to entities independent of the Cuban government, such as religious groups and private restaurants, as well as sales of agricultural goods to private farmers; (2) the permission for any U.S. citizen to send up to \$300 every three months to any Cuban family, NGO or foundation; and (3) the reestablishment of direct mail service between Cuba and the United States, suspended since 1963.<sup>80</sup>

The permission granting U.S. citizens the right to send money to Cuba, acted “as a major force in the restructuring of the Cuban economy . . . [as] the upgrading of Cuban industry was funded by savings originating in the United States.”<sup>81</sup> Most striking, the changes

were made unilaterally, without any demand that the Cuban government meet conditions or reciprocate. In contrast, first-term Clinton policy called for “calibrated responses” by the United States . . . reciprocity had governed U.S. policy since the 1970s . . . now . . . the Administration’s actions were directed at [helping] the Cuban people, not [at creating ultimatums for] the Cuban government.<sup>82</sup>

Since the 1999 policy modifications, some additional progress has occurred. Despite the change in administration, President George W. Bush also suspended title III of Helms-Burton, while simultaneously ordering strict enforcement of the embargo; presumably to appease the Miami Cubans that voted for him.<sup>83</sup> More importantly, Havana signaled a willingness and even an eagerness to trade with the United States again. After Cuba’s sugar production was destroyed in November 2001 by Hurricane Michelle, “Cuba rejected US humanitarian aid and instead tried to negotiate a deal to purchase food and medicine,” through a temporary suspension of the embargo.<sup>84</sup> This is consistent with the Cuban government’s efforts to establish an international perception that Cuba is self sufficient.<sup>85</sup> The government also hoped “that an emergency suspension of the embargo on sales would be the first step toward more

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79. Brenner, *supra* note 39, at 41.

80. *Id.* at 41-42.

81. Monreal, *supra* note 7, at 26 (citation omitted).

82. Brenner, *supra* note 37, at 42.

83. The PRS Group/International Country Risk Guide, *Country Analysis: Cuba: Politics* (Sept. 1, 2001), at LEXIS, News and Bus., Country and Reg., Cuba, Country Reports [hereinafter PRS Group, *Cuba: Politics*].

84. The PRS Group/Political Risk Services, *Cuba: Country Forecast Highlights* (Dec. 1, 2001), at LEXIS, News and Bus., Country and Reg., Cuba, Country Reports [hereinafter PRS Group, *Cuba: Country Forecast Highlights*].

85. *Id.*

normal trade relations.”<sup>86</sup> Although the United States rejected the deal, the willingness of both countries to even attempt negotiations is promising for future relations.

In a recent visit to Cuba, Congresswoman Jo Ann Emerson said she believed a “congressional majority supports the elimination of the current Cuba policy.”<sup>87</sup> U.S. Senator Maria Cantwell, echoed this sentiment in her own visit saying “greater trade in agriculture and medical products could lead to a change in relations.”<sup>88</sup> Cantwell noted that although there has been no official poll of the Senate regarding U.S. policy toward Cuba, a recent bill regarding food and medicine sales to Cuba is indicative of Senate sentiment.<sup>89</sup> The bill “would have allowed private financing for agricultural and medicine sales to Cuba . . . attempts to exclude that provision were defeated by a majority of 61 votes.”<sup>90</sup> Cantwell also stated her belief that a majority of the Senate would like to deepen the country’s relationship with Cuba.<sup>91</sup>

#### F. *Continued International Controversy*

Despite these recent improvements in relations, international debate about the legality of the U.S. policy toward Cuba remains.

The Naval Conference of London in 1909 established as international law that a blockade is an act of war. This principle was invoked in 1916 by the United States itself in order to assert that no foreign power had the right to obstruct the exercise of free trade by non-involved countries, imposing a blockade when no state of war has been declared.<sup>92</sup>

If the embargo is characterized as a “blockade” against Cuba, then it probably violates several articles of the Universal Declaration of Human Rights.<sup>93</sup> The United States, through its implementation and enforcement of the embargo, has also been accused of violating article 2(4) of the UN Charter, which prohibits “the threat or use of force against the territorial integrity or political independence of any state, or in any manner

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86. *Id.*

87. Gabriel Molina, *Avalanche of Americas?*, GRANMA INT’L (English ed.), Jan. 13, 2002, at 3.

88. Gabriel Molina, *Greater Trade in Agricultural and Medical Products Could Lead to a Change in Relations*, GRANMA INT’L (English ed.), Jan. 20, 2002, at 10.

89. *See id.*

90. *Id.*

91. *See id.*

92. PRADA, *supra* note 16, at 9 (quoting Dr. Olga Miranda Bravo, a member of the International Court of Justice in the Hague).

93. *See* Universal Declaration of Human Rights, G.A. Res. 217A(III), U.N. GAOR, 3d Sess., 183d plen. mtg., U.N. Doc. A/810 (1948), available at <http://www.un.org/Overview/rights.html>.

inconsistent with the Purposes of the United Nations,” such as the preservation of State sovereignty.<sup>94</sup> In terms of international trade law, the United States may also be in violation of article XI of the General Agreement on Tariffs and Trade (GATT), which specifically forbids “restrictions . . . by any contracting party on the importation of any product of the territory of any other contracting party.”<sup>95</sup>

On the other hand, many proponents of the embargo, particularly Miami Cubans, argue that the Cuban government has a deplorable human rights record, including its treatment of political dissidents and people living with the AIDS virus.<sup>96</sup> The Cuban exile community also believes that by lifting the embargo, “U.S. tourism would fill Castro’s coffers and strengthen what they charge is his dictatorial hold on the country.”<sup>97</sup> In the past year, even the “EU has refused to offer trade concessions and aid to Cuba under the ACP arrangement unless Cuba changes its policies and signs the Cotonou Accord, which commits member states to respect human rights.”<sup>98</sup>

Even with its closest neighbors, Cuba’s poor human record has been a source of tension. “Relations between Cuba and Mexico plunged to one of their lowest points in 100 years of diplomacy when Castro aired a tape recording that he said made Mexican President Vicente Fox sound like a liar.”<sup>99</sup> Moreover, in April 2002, Uruguay’s President Jorge Batlle announced that diplomatic ties with Cuba would be broken “after a war of words” regarding a UN vote on Cuba’s human rights record, sponsored by Uruguay.<sup>100</sup>

These recent developments lend support to the United States tough stance toward Cuba. Nevertheless, the United States has started a trend toward liberalizing its trade relations with Cuba, and will probably continue along this path unless the Cuban government or Castro, himself, provokes a review of this policy. The United States appears to be

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94. Cooper, *supra* note 9, at 403; *see* U.N. CHARTER art. 2, para. 4.

95. General Agreement on Tariffs and Trade, Oct. 30, 1947, art. 2(4), 61 Stat. A-11, T.I.A.S. 1700, 55 U.N.T.S. 194.

96. *See* Jorge I. Dominguez, *Cuba in the International Community in the 1990’s: Sovereignty, Human Rights, and Democracy*, in *BEYOND SOVEREIGNTY: COLLECTIVELY DEFENDING DEMOCRACY IN THE AMERICAS* 304 (Tom Farer ed., 1996).

97. *Agent Group Plans to Promote Travel to Cuba*, L.A. TIMES, Apr. 8, 2002, at C5 [hereinafter *Promote Cuba*].

98. PRS Group, *Cuba: Country Forecast Highlights*, *supra* note 84.

99. Raul Garces, *Uruguay to Keep Relations with Cuba*, AP ONLINE, Apr. 27, 2002, at 2002 WL 19261426.

100. However, on April 27, President Batlle retracted his statement, indicating that consular relations will be maintained despite the fact that Castro called the Uruguayan President “a lackey” of the United States, as well as a “hung over, abject Judas.” *Id.*

accepting the philosophy that “[d]emocracy and human rights in Cuba would be better served if there could be a free flow of ideas and products instead of trying to isolate the country.”<sup>101</sup>

Wayne Smith, former U.S. diplomat to the island, summarized the relationship between the United and Cuba best.

[T]he perceptions the two countries have about themselves keep them at odds. Cuban policy is much less revolutionary than it was a quarter of a century ago, but Cuba continues to believe itself to be “revolutionary.” The U.S., by contrast, has been involved in many a subversive effort abroad, but perceives itself as a seeker of stability and the rule of law. Thus, at least in our collective self-images, Cuba’s revolutionary ethos clashes with the American quest for stability and world order.<sup>102</sup>

### III. CUBA AND GLOBALIZATION

#### A. *Economic Partnership with the Soviet Union*

By the mid 1980s, while a large segment of the world had reached the point of no return in the globalization of their respective economies, Cuba had an economy primarily

based on its interaction with the . . . socialist bloc, and particularly with the former Soviet Union. In 1989, 80% of Cuba’s total trade was with the socialist economies. Relations with the “capitalist world” were very modest and perceived to be neither fair nor advantageous in comparison with socialist-bloc patterns of trade and credit, which had built-in mechanisms for preferential prices, soft loans and arrangements for the re-export of oil in hard currency.<sup>103</sup>

However, to believe, as did the U.S. government, that Cuba was oblivious to the globalization of the world economy, is to ignore the Cuban government’s opposition to some tenets of globalization as early as the 1980s.<sup>104</sup> The government was particularly concerned with the issue of foreign debt and organized a series of meetings in Havana concerning Latin America’s debt.<sup>105</sup> Cuba’s stance was that “the foreign debt could not be paid and [there was] a need [for] the debtors to coordinate among

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101. PRADA, *supra* note 16, at 27.

102. SMITH, *supra* note 14, at 279.

103. Monreal, *supra* note 7, at 21.

104. See OSVALDO MARTÍNEZ, NEO-LIBERALISM IN CRISIS 148 (Carmen González Diaz de Villegas trans., 1999).

105. *Id.*

themselves.”<sup>106</sup> At the time, this was a direct challenge to the globalization movement.<sup>107</sup>

Although over eighty percent of Cuba’s foreign trade was conducted through the socialist trading bloc, the remaining twenty percent was always important for the Cuban economy because it fulfilled hard currency needs impossible to meet otherwise.<sup>108</sup> In general, Cuba enjoyed two decades of relative prosperity through its partnership with the Soviet Union.<sup>109</sup> However, when the Soviet empire crumbled along with the Berlin Wall in 1989, the situation changed.<sup>110</sup> Cuba lost its preferential arrangement with the Soviet Union and “began to undergo a profound transformation as a result of the acute economic crisis and the gradual dismantling of prevailing forms of social and political control.”<sup>111</sup> With the “collapse of the socialist trade block, Cuba’s imports were drastically reduced by two-thirds” forcing Castro to open the Cuban market to outsiders.<sup>112</sup> The shocks produced by the discontinuance of the trade bloc deeply troubled the Cuban people “who had grown accustomed to living in a highly egalitarian society in which the state, not the market, was the principal regulator of social and economic life.”<sup>113</sup>

The disappearance of the Soviet Union in 1989, “at a time well into globalization,” seemed to condemn Cuba because it no longer had the luxury of a trade umbrella.<sup>114</sup> At the time, many predicted “the Cuban Revolution would collapse in a matter of weeks, or, at the latest, of months.”<sup>115</sup> However, reinsertion into the world economy was always a priority, and “autarky was never seriously considered as a long-term strategy for development in the new context.”<sup>116</sup>

### *B. Challenging the Uniformity of Globalization*

According to the theory of globalization, a sovereign nation is “nothing but a province of the global system” and there is “no option . . . but to accept to occupy a place in the choir of those who sing the same

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106. *Id.*

107. *Id.*

108. *Id.* at 148-49.

109. *See id.* at 149.

110. *See id.*

111. Haroldo Dilla, *The Virtues and Misfortunes of Civil Society*, in NACLA REP., *supra* note 7, at 30.

112. PRADA, *supra* note 16, at 12.

113. Guillermo C. Milán, *Inequality and Anomie*, in NACLA REP., *supra* note 7, at 34.

114. MARTÍNEZ, *supra* note 104, at 149.

115. *Id.*

116. Monreal, *supra* note 7, at 21.

song.”<sup>117</sup> The belief in the early 1990s was Cuba would have to join the global economy or perish.<sup>118</sup> The island was regarded as

an anomaly that for a long time could perhaps be explained as a result of the alliance with a superpower, but that, when that superpower disappeared, could not live, because a country has no national capacity to challenge the standard uniform imposed by globalization; [especially] if it is a small, poor country in the immediate vicinity of the United States.<sup>119</sup>

However, the Cuban government dismissed this logic and decided to advance a novel type of socialism that was adaptable to the new conditions of the world economy.<sup>120</sup> This decision was, and continues to be “an open challenge to [the] logic that says nothing can be done vis-à-vis globalization.”<sup>121</sup>

During the early 1990s, the Cuban government had two goals—survival and progress.<sup>122</sup> The first required securing a modest position in the global system and, the second required the absorption of new knowledge and technology in all industries.<sup>123</sup> In fact, Castro’s greatest concern at the beginning of the economic crisis was “simply not to be left outside the system.”<sup>124</sup>

In 1991, the Cuban government formally resolved to further the Revolution.<sup>125</sup> This decision was based on “the support of the majority of the population” and on three considerations the government viewed as alternatives to complete immersion in the process of the globalization.<sup>126</sup> The first consideration was Cuba had proven itself as having a national capacity for resistance to popular forms of economic and political governance.<sup>127</sup> The government felt “internal cohesion,” particularly in the form of a strong leader, a noncorrupt ruling party, organized resistance, and mobilization of efforts, would result in a successful entry into the global economy; although Cubans would pay the price in the short-term with “shortages and material suffering.”<sup>128</sup>

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117. MARTÍNEZ, *supra* note 104, at 149.

118. *See id.*

119. *Id.*

120. *See id.* at 150.

121. *Id.*

122. *See* Monreal, *supra* note 7, at 21.

123. *Id.* at 21-22.

124. *Id.* at 22.

125. MARTÍNEZ, *supra* note 104, at 150.

126. *Id.*

127. *See id.*

128. *Id.*



The second consideration was the global system was internally contradictory.<sup>129</sup> The Cuban government rightly believed the “inter-imperialist contradictions create certain spaces” which the country could benefit from if “flexibility” was utilized to maneuver in the midst of these contradictions.<sup>130</sup>

The third consideration contained an impetus for change.<sup>131</sup> The Cuban government correctly assumed the current reality of globalization was not “the definitive reality of the end of history . . . but . . . a transit toward something else.”<sup>132</sup> This proposition allowed Cuba to look to the future, instead of concentrating on the present and losing sight of more important goals, such as the preservation of a national sense of identity.<sup>133</sup> It also gave Cubans hope that the world system need not be characterized by homogeneity.<sup>134</sup> Furthermore, during this time period, it was suggested that Cuba should examine the success of the “Chinese and Vietnamese experiences . . . [and use] the market as a means to [build] socialism.”<sup>135</sup> The ideology that the international system is not stagnant provided Cubans with the incentive to ignore the Chinese and Vietnamese models, and create their own model which represented their starkly different demographics, culture and political history.<sup>136</sup>

The Cuban reentrance into the world economy is generally regarded to have occurred in two stages.<sup>137</sup> The first stage, which lasted from approximately 1991 to 1993, was characterized by defensive measures, utilized as an initial reaction and surprise by the collapse of once solid trade relations with the Soviet Union.<sup>138</sup> The second stage, from 1994 onward, was more proactive, as evidenced by the “adoption of measures and the structuring of an economic policy with a higher degree of coherence.”<sup>139</sup>

### C. *The Special Period*

In the early 1990s, during the initial stage, the Cuban government decided to institute a defensive strategy based on “the construction of a

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129. *See id.* at 151.

130. *Id.*

131. *See* MARTÍNEZ, *supra* note 104, at 152.

132. *Id.*

133. *See id.*

134. *See id.*

135. Juan Luis Martín, *Thinking About Socialism: The New Cuban Social Sciences*, in NACLA REP., *supra* note 7, at 38.

136. MARTÍNEZ, *supra* note 104, at 152-53.

137. *Id.* at 153.

138. *Id.*

139. *Id.* at 153-54.

dual foreign-trade sector in which a modern component," in the form of tourism and pharmaceuticals (the "new exports") would "provide dynamism," while a "traditional component," including sugars, minerals and tobacco, would "maintain[] a basic export floor."<sup>140</sup> By 1993, it became abundantly clear this so-called "special period" where the Cuban economy would be re-linked with the world economy, had been largely unsuccessful.<sup>141</sup> The Cuban situation entered a time of profound economic crisis.<sup>142</sup> "Total exports in 1993 were only one-fifth of the export level of 1990; imports had been reduced by 75%, and the gross domestic product (GDP) had contracted by almost 35%" from 1989 levels.<sup>143</sup>

The most significant short-term problem was an excess accumulation of liquid assets.<sup>144</sup> In a short span of time, the "problem . . . threatened to practically drown the economy . . . in an ocean of paper with no purchasing power."<sup>145</sup> There was a fifteen-month period where "wages and salaries earned by the population . . . accumulated with no possibility whatsoever of buying goods and services."<sup>146</sup> The accumulated budget deficit also swelled to 33.5% of the GDP.<sup>147</sup> This was an economically precarious time that saw the black market and underground economy flourish.<sup>148</sup> The initial attempt at rejoining Cuba with the global economy had not even been successful at providing "survival at a tolerable level" for the Cuban people.<sup>149</sup>

#### D. *The Great Experiments Period*

The second stage of Cuba's attempt to reenter the international economy is often referred to as the period of "great experiments."<sup>150</sup> There were too many measures adopted to name them all, but the most effective tactics included (1) a selective and controlled opening of the economy, (2) modifications in property rights, (3) an opening of free markets for agricultural and industrial goods market, (4) the legalization of self-employed workers, (5) a process of internal financial investigation

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140. Monreal, *supra* note 7, at 23 (internal quotations omitted).

141. *See id.*

142. *See id.*

143. *Id.*

144. MARTÍNEZ, *supra* note 104, at 154.

145. *Id.*

146. *Id.* ("[T]heoretically, an average Cuban worker could [have] quit his job for a year or more without influencing his real purchasing power.')

147. *Id.*

148. *Id.*

149. *See* Monreal, *supra* note 7, at 23.

150. *See id.* at 25.

and stabilization, and (6) the establishment of a process of double monetary circulation.<sup>151</sup> There was also a greater emphasis on a procedure called “upgrading.”<sup>152</sup> Instead of focusing on high value-added exports, the Cuban government applied the process of upgrading to traditional exports.<sup>153</sup> This procedure “included the absorption of technology and knowledge to increase the efficiency of traditional exports,” and the “development of new sources of hard-currency income from traditional products, and the reduction of imports.”<sup>154</sup> However, the most important measures were the changes in property rights and the process of double monetary circulation, i.e., the dollarization of the Cuban economy.<sup>155</sup>

#### 1. Changes in Cuban Property and Foreign Investment Law

The significance of the changes in property relationships was a newly devised legal guarantee for foreign investors.<sup>156</sup> A 1982 law, Law Decree No. 50 on Economic Association between Cuban and Foreign Enterprises, was the first legal instrument establishing regulations for foreign investment in Cuba.<sup>157</sup> The property types were originally codified in the 1976 Constitution, but were amended by 1992 constitutional reforms, which centered on Articles 15, 18, and 23.<sup>158</sup> These newly amended Articles authorized partial or total transfers of property “including nationalized properties—to other parties, whenever it is necessary to pursue economic goals destined to improve the country’s development.”<sup>159</sup> The economic importance of the reforms was they made “foreign trade regulations . . . more flexible . . . [and] also provide[d] a significant recognition and guarantee for the property of joint ventures.”<sup>160</sup> However, it was a law enacted in 1995 that solidified Cuba’s commitment to foreign investors when the People’s National

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151. MARTÍNEZ, *supra* note 104, at 155.

152. *See* Monreal, *supra* note 7, at 25.

153. *See id.*

154. *Id.* at 25.

155. *See* MARTÍNEZ, *supra* note 104, at 155.

156. *Id.*

157. OLGA MIRANDA BRAVO, NATIONALIZATIONS AND BLOCKADE 94 (Fernando Nápoles Tapia trans., Instituto Cubano del Libro 1996).

158. *See id.* at 95. Article 15 was created with regard to socialist state properties; Article 18, with regards to state management and control over foreign trade relations; and, Article 23, with regards to state recognition of the property of legally established joint ventures, societies and economic associations. *Id.*

159. *Id.*

160. *Id.*

Assembly of the Republic of Cuba, "unanimously adopted Law No. 77 on Foreign Investment."<sup>161</sup> Law No. 77 provides

the necessary guarantees for investors; those economic sectors open to foreign investment; the forms for foreign investment; investments in real estates; negotiation and authorization procedures for foreign investment; establishes its banking, labor, export, import, tax and tariff regulations and its franchise zones; [and] regulates its industrial equipment and their duties on environmental conservation, etc.<sup>162</sup>

The 1995 reforms and the earlier changes in property types are credited with creating a stimulus for increased foreign investment, which helped pull Cuba out of its economic slump of the early 1990s.<sup>163</sup>

Foreign capital investment specifically played a large role in reducing the Cuban budget deficit from 33.5% of the GDP in 1993 to only two percent of the GDP in 1997.<sup>164</sup> Thanks to increased foreign investment, the Cuban government was able to reduce the budget deficit without reducing the country's social expenses.<sup>165</sup> More efficient state enterprises and the resulting decrease in subsidies to cover their losses also contributed to the lowering of the budget deficit.<sup>166</sup>

## 2. Dollarization, Tourism, and Other Economic Strategies

Another stimulus leading to the recovery of the Cuban economy in the mid 1990s was the legalization of the "holding and free circulation of U.S. dollars."<sup>167</sup> In fact, Cuban economists recognize the legalization of the dollar "as part of a package of economic reforms which have contributed to greater economic efficiency and an increase in the supply of consumer goods."<sup>168</sup> Dollarization has been called a "*central mechanism* of Cuba's . . . reinsertion into the world economy."<sup>169</sup> However, dollarization also had economic and social costs on Cuban citizens.<sup>170</sup>

Other mechanisms leading to the Cuban economic recovery included the elimination of the state's monopoly over foreign trade and

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161. *Id.* at 97.

162. *Id.*

163. *See id.* at 98.

164. MARTÍNEZ, *supra* note 104, at 157.

165. *Id.*

166. *Id.*

167. Monreal, *supra* note 7, at 25.

168. Jack Hammond, *The High Cost of Dollars*, in NACLA REP., *supra* note 7, at 24.

169. *Id.* (emphasis added, internal quotations omitted).

170. *See* discussion *infra* Part III.E.2.

its subsequent diversification.<sup>171</sup> The government also opted for classic structural adjustments, such as price hikes, a reduction of the size of the state payroll and an implementation of tax laws.<sup>172</sup> By 1996, a full economic turnaround had occurred.<sup>173</sup> That year, Cuba posted a 7.8% growth in GDP, the highest in all of Latin America.<sup>174</sup> What is so remarkable is that the island recovered without the support of the IMF, World Bank, or the Organization of American States.<sup>175</sup> The plans of structural adjustment advocated by these organizations had actually caused an increase in the percentage of poor Latin Americans from forty percent in 1980 to forty-six percent in 1996.<sup>176</sup>

In terms of economic recovery, it is also important to mention the role of tourism. Cuba invested heavily in its tourist industry after the fall of the Soviet Union.<sup>177</sup> This resulted in a reactivation of economic growth and is largely responsible for the 7.8% growth in GDP in 1996.<sup>178</sup> The Cuban government wisely chose not to ignore the potential for exploitation of the tourist industry and allowed itself to be exposed to the “challenge . . . [of] growing masses of tourists” on the island.<sup>179</sup> Tourists account for “17% of real growth from 1991 on and . . . [are] an important element in terms of the influx of money into the country.”<sup>180</sup> In 2001, the Cuban Tourism Ministry reported around 1.8 million visitors, with revenues of approximately 1.8 billion U.S. dollars.<sup>181</sup> It is clear that tourism has, and will continue to play a crucial role in sustaining the Cuban economy.

### *E. Negative Trends*

#### 1. General Problems

Not all economic indicators are positive. In terms of access to loans and other forms of international funding, “Cuba is paying an average of 30% over normal international financial market conditions,” specifically for short-term commercial funding.<sup>182</sup> The country also lacks infra-

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171. MARTÍNEZ, *supra* note 104, at 155.

172. *Id.* at 156.

173. *Id.* at 173.

174. *Id.*

175. *Id.* at 175.

176. *Id.* at 175-76.

177. *Id.* at 158.

178. *Id.*

179. *Id.* at 159.

180. *Id.*

181. *Promote Cuba*, *supra* note 97.

182. MARTÍNEZ, *supra* note 104, at 160.

structure investments for crucial components, such as thermo-electric stations, railroads, highways, and airports, which are critical for the tourist industry.<sup>183</sup> As a result, Cuba has found itself championing its own funding problems along with the problems of all developing countries. After the 4th Ministerial Conference of the WTO in Qatar, the Cuban government released a statement, indicating the “WTO continues to favor the industrialized countries,” and “trade in the underdeveloped countries has remained at a standstill since the 1980s.”<sup>184</sup> The government further claimed the WTO lacked “political will to solve the real problems of the Third World.”<sup>185</sup>

## 2. The Contradictory Effects of Dollarization

One of the more peculiar problems affecting Cuba is not a result of international policy regarding globalization, but the bifurcation of the Cuban monetary system.<sup>186</sup> On one hand, economic reform measures, including the dollarization of the country’s economy, resulted in the reactivation of the economy and the recovery of growth.<sup>187</sup> On the other hand, there was a creation of an inverted social pyramid, with income distribution closely related to specific economic sectors such as tourism.<sup>188</sup> The circulation of two different currencies, the Cuban peso and the U.S. dollar, has led to a situation where “jobs linked to [tourism] have real incomes several times higher than jobs that require more qualification, [and] that have more social usefulness,” such as doctors, nurses and professors.<sup>189</sup> The double monetary circulation caused this crisis of income. However, if the government had not taken advantage of the available market spaces, the economy would never have recovered and Cuba could not have entered the global economy.<sup>190</sup> For now, the problem has not reached a stage of crisis as it has in Ecuador, where citizens have decided to rebel against an economic policy based on the

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183. *Id.*

184. José Mayo, *The Island Is Prepared to Confront International Economic Crisis*, GRANMA INT’L (English ed.), Jan. 13, 2002, at 7.

185. *Id.*

186. See MARTÍNEZ, *supra* note 104, at 160-61.

187. *Id.*

188. *Id.*

189. *Id.* Visitors to Cuba regularly meet Cuban professionals who have second jobs in the tourist industry for collecting American dollars to supplement their meager first incomes. For example, the author met a doctor—moonlighting as a piano player in a hotel lobby—who said he made more money playing the piano than in his practice as a physician.

190. See *id.*

dollarization strategy and protesting rising prices that have made a modest standard of living unsustainable.<sup>191</sup>

*F. Cuba's Economic Success*

Globalization has been called a knowledge-spreading process with certain opportunities to learn about management and administration of enterprises and how they function in the world markets.<sup>192</sup> This being the case, Cuba has taken full advantage of globalization and learned how to compete in a global marketplace.<sup>193</sup> More importantly, the country has also managed to carve out a niche for itself in the international economy. Throughout the last decade, "Cuba has dramatically changed its trade, technology and investment partners, modified its institutions of foreign trade, opened the door to foreign investment, developed international tourism at a breathtaking pace, and changed . . . the product composition of its exports."<sup>194</sup> Few people will disagree that "Castro's regime has demonstrated a notable and, for many, surprising capacity for survival in the face of economic crisis provoked by the collapse of the Soviet bloc," and the continued U.S. embargo.<sup>195</sup> These aggregate changes represent the reinsertion and integration of Cuba into the global economy.

IV. THE FUTURE OF CUBA

Cuba has proven itself an anomaly in the international system. The country has been able to survive, even flourish, despite an embargo imposed by its closest neighbor and the loss of its main trading partner, the Soviet Union. Cuba's refusal to assimilate its policies and succumb to the pressures of a globalized world economy, has placed it in a unique position within the international system. The island has carved out an economic niche of sorts within the global economic structure. Cuba sustained itself through economic and political reforms beginning in the 1990s. Furthermore, the government was able to do so without compromising the country's national identity or cultural history. But what does the future hold for the island?

Political and economic assessments predict the risks to international business entities will decrease over the next five years, with increased

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191. Maria Victoria Valdés-Rodda, *Road to Asphyxiation*, GRANMA INT'L (English ed.), Jan. 10, 2002, at 16.

192. MARTÍNEZ, *supra* note 104, at 162.

193. *See id.* at 161.

194. Monreal, *supra* note 7, at 21.

195. Dick Parker, *The Cuban Revolution: Resilience and Uncertainty*, in NACLA REP., *supra* note 7, at 17.

security in financial transfers, direct investment and the export market.<sup>196</sup> Economic forecasts for the 2002 to 2006 time period, predict a 5.1% increase in real GDP growth, a 7.9% increase in inflation and a current accounts balance of -0.39 billion U.S. dollars.<sup>197</sup> However, these figures could fluctuate if, as is likely, the administration changes.<sup>198</sup> If a Reform Communist party is in power between 2002 and 2006, it is predicted real GDP growth will be slightly higher, at 5.7%; inflation and current accounts will both be lower at 5.5% and -0.30 billion U.S. dollars respectively.<sup>199</sup> On the other hand, a Mainline Communist government, during the same period, garnered predictions of an economy with a real GDP growth set at 2.5%, inflation rising to 9.2% and a current accounts figure of -0.45 billion U.S. dollars.<sup>200</sup>

On the political front, there is a seventy percent likelihood that Castro will remain in power through 2003 and a forty percent chance that he will still be in power five years from now.<sup>201</sup> The likelihood of a continued Castro regime seems to be more contingent on his health, than on his popularity.<sup>202</sup> In June 2001, Castro collapsed during a public speech.<sup>203</sup> Although he joked on national television about the incident, there are rumors that he is in ill health, although this could be referring more to his mental, rather than his physical condition.<sup>204</sup> However, the fainting incident left many pondering the question, "After Fidel, who—and what?"<sup>205</sup>

Castro's self-designated successor is his brother, Raul.<sup>206</sup> It is predicted that if Fidel dies and Raul takes his place as President of the Republic, he may not be able to retain his hold on power.<sup>207</sup> It is likely Raul will attempt to maintain the same tight economic and political controls as his brother; however, he lacks Fidel's charisma (in a Machiavellian sense), which could lead to "economic stagnation, social disorder, and political stalemate."<sup>208</sup> If this occurs, the prediction is the

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196. PRS Group, *Cuba: Country Forecast Highlights*, *supra* note 84.

197. *Id.*

198. *See id.*

199. *Id.*

200. *Id.*

201. *Id.*

202. *See* PRS Group, *Cuba Politics*, *supra* note 83.

203. *Id.*

204. *See id.*

205. *Id.*

206. *See id.*

207. *See id.*

208. PRS Group, *Cuba: Country Forecast Highlights*, *supra* note 84.



slightly younger National Assembly President Ricardo Alarcon will take over the position.<sup>209</sup>

A. *Cuba's Relationship with Latin America's Left*

The political climates among the “alliance of four”—Ecuador, Brazil, Venezuela and Cuba—are strikingly similar. Lucio Gutierrez, a “former army colonel” and “coup plotter” has “promised to fight ‘the corrupt oligarchy’ in Ecuador.”<sup>210</sup> Mr. da Silva, a “former union leader” has “promised to improve the lives of his countrymen, pledging that all Brazilians would receive three meals a day.”<sup>211</sup> However, both Gutierrez and da Silva face the same challenge of “carrying out the far-reaching social programs they promised on the campaign trail [in 2002] while dealing with serious financial constraints in difficult economic times,” namely, “a huge foreign debt and international commitments to foreign lenders.”<sup>212</sup> Gutierrez and da Silva are relatively soft in their stance toward the United States, with da Silva working “to build ties with the Bush administration.”<sup>213</sup>

Castro and Chávez, while exhibiting similar goals and leadership styles as Gutierrez and da Silva, have taken a more defiant stance towards U.S. Latin America policy.<sup>214</sup> Chávez, also a “former coup plotter” was democratically elected President of Venezuela in 1998 and was, incidentally, immediately congratulated by Fidel Castro as having run an “epic election campaign.”<sup>215</sup> However, two years later, Chávez was criticized for rejecting liberal policies and “conspiring” with Castro against a recovery of the Venezuelan economy.<sup>216</sup> In April 2002, Venezuelan military officers issued a communiqué denouncing Chávez’s attempts to quash political demonstrations and to impose “a Castro Communist regime” on the country.<sup>217</sup> The comments were a reaction to the closure of the main television stations by Chávez, who criticized “the media for provoking a ‘conspiracy’ against him and for attempting to

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209. PRS Group, *Cuba: Politics*, *supra* note 83.

210. Forero, *supra* note 1, at 4.

211. *Id.*

212. *Id.*

213. *Id.*

214. *Id.*

215. International Staff, *Chávez Aims to Build a ‘Bolivarian’ Trading Bloc*, FIN. TIMES, Dec. 9, 1998, at 6 (internal quotations omitted).

216. Andy Webb-Vidal, *Venezuela: Windfall in Export Revenue*, FIN. TIMES, Mar. 24, 2000, at 4.

217. Andy Webb-Vidal, *Venezuela's President Faces Military Coup*, FIN. TIMES, Apr. 12, 2002, at 1.

generate 'chaos.'"<sup>218</sup> A military coup ensued, leaving thirteen people dead, as Chávez supporters fired into a crowd of people.<sup>219</sup>

Many argued that Chávez's presidency had started to decline in December of 2001 when "he began to lose control of the streets and his capacity to mobilise."<sup>220</sup> However, the political analysts were very wrong. After spending two days in jail, Hugo Chávez was restored to power after an uprising in the streets, protesting his removal from office.<sup>221</sup> This began a cycle of protests for and against Chávez which have stretched on for over a year now. He was elected to office on a promise "to upend the old social order and to improve the lives of the poor."<sup>222</sup> But, "his incendiary speeches have divided the country and alienated business leaders, labor groups and others who now seek to force him from office."<sup>223</sup>

The countries of Ecuador, Brazil, Venezuela, and Cuba vary greatly. There are population, political, and even language differences among the four nations. However, the goals of Gutierrez, da Silva, Chávez and Castro, in terms of promoting economic equality, are quite similar. In the end, the difference between which countries reach their goals and which do not, may become an issue of which leaders have the courage to tailor economic recovery strategies that reflect the political and social landscape of their respective countries.

### B. *Cuba's Model for Economic Success*

This Comment has presented the various strategies which Cuba used to reinsert itself into the world economy. Rather than groveling on its knees to the United States or other international organizations, begging for financial assistance and direction, the Cuban government advanced a novel type of socialism which encompassed completely different economic strategies than those being employed by other Latin American countries. In formally resolving to further the Revolution, the government made a decision based on "the support of the majority of the

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218. *Id.*

219. CNN.com, *U.S.: Chavez 'Provoked' Crisis that Led to Ouster* (CNN Apr. 12, 2002), at <http://www.cnn.com/2002/WORLD/americas/04/12/venezuela/index.html> (last visited Feb. 27, 2003).

220. Richard Lapper & Andy Webb-Vidal, *Militaristic President Falls Victim to Military Revolt*, FIN. TIMES, Apr. 13, 2002, at 2.

221. CNN.com, *Venezuela's Chavez Back in Power, Calls for Unity* (CNN Apr. 14, 2002), at <http://www.cnn.com/2002/WORLD/americas/04/14/venezuela/index.html> (last visited Feb. 27, 2003).

222. Forero, *supra* note 1, at 4.

223. *Id.*

population,”<sup>224</sup> and reflected Cuba’s belief in the flexibility of the international financial architecture. As mentioned, while Cuba was undertaking the massive reconstruction of its economy, many economists suggested that Cuba should examine the success of the Chinese and Vietnamese experiences, using the market as a means to build socialism.<sup>225</sup> Instead, the Cubans rejected the notion that the international system is rigid and stagnant. Cuba ignored the Chinese and Vietnamese models and created its own model that represents the starkly different demographics, culture and political history of Cuba.<sup>226</sup>

From this analysis it is understood that the overarching Cuban paradigm is not one of specific economic strategies. Rather, it is a lesson which underscores the capability of countries to forego the traditional avenues of economic reform by creating strategies which reflect the individuality of each nation. Cuba’s ability to provide a model for other Latin American countries such as Ecuador, Brazil, and Venezuela, lies not within the charisma and leadership qualities of Fidel Castro, but rather, within the ability of these countries to have faith in the flexibility of the international system. Before Cuba’s success, this faith may have been blind, but now there is a model from which other nations can aspire to and most importantly, believe in.

## V. CONCLUSION

The beauty of globalization is that anything is possible. It creates an environment of economic optimism. The problem is that many people fail to see that globalization does not necessarily mean assimilation. The Cubans understand that through globalization, specialization is made possible. A strong sense of national identity and policies specially tailored to the country’s needs, allow for a prediction of economic and political success for Cuba in the future, as well as for the its continued leadership in Latin America.

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224. MARTÍNEZ, *supra* note 104, at 150.

225. Martín, *supra* note 135.

226. MARTÍNEZ, *supra* note 104, at 152-53.