

IMPLICATION OF THE U.S. ECONOMIC EMBARGO FOR A POLITICAL TRANSITION IN CUBA

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Does the U.S. embargo against the Castro government, and in particular the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996, help, hinder or is irrelevant for the probability that a political transition will take place in Cuba? This is the main question this work seeks to answer. As Przeworski (1986, 48) observes, questions about possibility are theoretical and necessarily involve propositions that are counterfactual. I will address this key query using a combination of theory, comparative analyses, and available data.

Whether the United States should maintain its economic embargo on the Castro government has been controversial for a long time. But after the LIBERTAD Act (commonly known as the Helms-Burton law) became law in March 1996, the degree of contention has reached an unprecedented degree of intensity.

The main justification on the part of the U.S. government for the establishment and implementation

of the Helms-Burton law is that it will promote a transition to democracy in Cuba. A key mechanism by which the Helms-Burton suppose to contribute to a transition is by tightening the economic embargo and thus reducing the hard currency available to the Castro government. This reasoning was emphasized by President Bill Clinton when he signed the Helms-Burton bill as well as by congressional supporters of the measure.² The same justification has been repeated over time by officials of the Clinton administration.³

The Helms-Burton law has four titles.⁴ Title I seeks to strengthen international sanctions against the Castro government. Among of the clauses of Title I is the instruction to U.S. executive directors of international financial institutions to oppose loans to Cuba and Cuban membership until a transition to democracy occurs in the island. Title II mandates the preparation of a plan for U.S. assistance to transitional and democratically elected governments in Cuba.

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2. White House press release on March 12, 1996. President Clinton, who had opposed the Helms-Burton bill while its supporters sought to obtain congressional approval, decided to back it and sign the bill after the Cuban air force shot down two small, unarmed U.S. civilian aircrafts in international waters on February 24, 1996, killing the four men that piloted the planes.

3. For example, see the declaration by Michael Ranneberger, Director of Cuban affairs at the State Department, that appeared in Armando Correa, "EU protegerá activistas en Cuba," *El Nuevo Herald* (1 March 1997).

4. The U.S. policy toward the Castro government is not limited to provisions under the Helms-Burton Act. For example, the U.S. government maintains a "track-two" policy of seeking to strengthen independent organizations in Cuba. The "track-two" policy was stipulated in the Cuban Democracy Act (known as the Torricelli Bill) signed into law by President Bush in October of 1992.

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Title III of the LIBERTAD Act enables U.S. nationals to sue in U.S. courts those who “traffic” in properties that were confiscated by the Castro government from U.S. citizens or businesses. Trafficking is understood as buying, selling, leasing, marketing or otherwise benefiting from expropriated assets.⁵ President Clinton allowed Title III to become law, but under a provision of the LIBERTAD Act, the president has the authority to waive enforcement of Title III for periods of six months. Title III has never been enforced since Clinton has always deferred enforcement.

Title IV also targets firms that traffic in properties confiscated from American nationals. Title IV denies entry into the U.S. to corporate officers and main shareholders, and their spouses and children under eighteen years of age. Foreign firms that traffic in confiscated properties can avoid the sanctions by divesting from such properties. Thus far, this aspect of the law has only been applied to the two largest foreign investors in Cuba: Grupo Domos (from Mexico)⁶ and Sherritt International (from Canada). Warning letters have been sent to a number of other firms.⁷

Title III and IV have engendered widespread, strident criticism of the Helms-Burton law, especially from Mexico, Canada, and Western European countries, claiming that the Helms-Burton law violates trade accords and is an infringement on the sover-

eignty of other countries by its “extraterritorial” attempt to apply U.S. laws to foreign enterprises.⁸ The LIBERTAD Act has been condemned in assemblies at the UN, at the OAS, and in other international fora. Countries of the European Community were about to suit the U.S. at the World Trade Organization (WTO) over the Helms-Burton law until an agreement was reached between the U.S. and EC countries to postpone taking the case to the WTO.⁹ The U.S. government has found itself in conflict with its main trading partners and has risked undermining the authority of the WTO over the Helms-Burton Act maintaining that the law is conducive to a democratic transition in Cuba.¹⁰ Yet the claim that the Helms-Burton law helps a transition to democracy has been reproached by prestigious academics, government officials, Cuban dissidents and other personalities. According to Jimmy Carter, the Helms-Burton law is an obstacle to a transition to democracy in Cuba.¹¹ Carl-Johan Groth, the special investigator for Cuba of the UN Human Rights Commission, in his 1996 report to the Commission, concluded that outside pressure like the U.S. embargo only helped worsen the human rights situation in Cuba.¹² Eloy Gutiérrez-Menoyo, a Cuban exile who heads an anti-Castro group called Cambio Cubano, agrees with Groth.¹³ Elizandro Sánchez Santa Cruz, one of the best known dissidents living in Cuba, thinks that the U.S. should discard the Helms-Burton law and follow the policy of the European Com-

5. The value of American properties seized by the Castro government was about \$2 billion at the time of the expropriations in 1960. There are now about 1,000 claimants who are entitled to file suit under the Helms-Burton law. Arthur Gottschalk, “Putting Pressure on Cuba: U.S. Puts Embargo Ultimatum in the Mail,” *Journal of Commerce* (13 June 1996).

6. Subsequently, Grupo Domos divested from its business in Cuba.

7. Elena Moreno, “EEUU y UE Reconocen Fallaron sus Métodos Respecto a Cuba,” *CubaNet News* 2 (February 1997).

8. For example, see the article by Tom Raum, “Allies criticize U.S. sanctions on trade with outlaw nations,” *The Miami Herald* (29 June 1996).

9. According to the terms of the agreement made public, the EC pledged to adopt rules to inhibit new investment in confiscated property, and the U.S. promised to seek congressional approval to waive Title IV of the Helms-Burton law and to continue to suspend Title III. Under the LIBERTAD Act, the Executive forfeited its foreign policy power to change the provisions of the Act without congressional approval. Christopher Marquis, “U.S., Europeans strike deal on Helms-Burton,” *The Miami Herald* (12 April 1997).

10. The U.S. position has been that if the WTO rules against it concerning the legality of the LIBERTAD Act, the U.S. would disregard the ruling on grounds of national security.

11. “Robaina llama a la ‘unión sagrada’ de los cubanos,” *El Nuevo Herald* (19 January 1997).

12. Robert Evans, “Update from Geneva,” Reuter (22 April 1996).

13. Voice of America (5 March 1996).

munity of promoting investment in Cuba while pressuring for political changes.¹⁴ Mesa-Lago (1995, 197) believes that the U.S. embargo is counterproductive for a democratic transition in Cuba. Gunn concurs with Mesa-Lago and argues that the Helms-Burton law will end up sabotaging the prospects for a transition to democracy within Cuba.¹⁵

Despite the high degree of political and academic controversy that the Helms-Burton law has engendered, arguments in favor as well as against the policy have paid little or no attention to theoretical works on transitions to democracy and to comparative evidence in evaluating the impact of the law on the likelihood of a political transition in Cuba. In this article, I seek to demonstrate that theory, comparative analyses, and data indicate that at this juncture in Cuban history, the U.S. economic embargo and the LIBERTAD Act in particular help bring about the demise of the Castro dictatorship. In the discussion, I will address a number of other related issues that have also been at the center of political and academic debates.

THE CASTRO REGIME TYPE AND MODES OF TRANSITION

Linz and Stepan (1996, chaps. 3 and 4) argue that the type of nondemocratic regime has a major effect on the available modes of political transition. Pacted, negotiated, relatively peaceful transitions (*ruptura* or *reforma pactada*) are possible in authoritarian regimes, e.g., the type of dictatorships that existed in South America and Spain, and in mature post-totalitarian regimes, e.g., the type of regime in the Soviet Union in the 1980s. By contrast, negotiated transitions are impossible under totalitarian, early post-to-

talitarian, frozen post-totalitarian, and sultanistic regimes. A fundamental reason is that under these types of dictatorships there are no regime softliners (*blandos*) with sufficient power and autonomy over time to contain the regime hardliners and conduct negotiations with members of the moderate opposition. If regime softliners emerge who might negotiate a pact with democratic moderates, such regime softliners do not last for long in positions of authority; they are eliminated or demoted.

If one uses the categories of Linz and Stepan, the Castro regime seems to be a mixture of frozen post-totalitarian and sultanistic regimes.¹⁶ In a frozen post-totalitarian regime there is persistent tolerance of some civil society critics of the regime, but almost all control mechanisms of the party-state endure and do not evolve (e.g., East Germany and Czechoslovakia in 1989).¹⁷ The essence of sultanism is unrestrained personal rulership. Political power is directly related to the ruler's person, and all individuals, groups and institutions are permanently subject to the unpredictable and despotic intervention of the sultan. In sultanistic regimes influential figures in the regime derive their importance by being on the personal staff of the sultan. There is absolutely no room on the sultan's staff for someone who would publicly negotiate the demise of the sultan.¹⁸

According to Linz and Stepan (1996, chap. 4), the most likely path of regime transition in frozen post-totalitarian regimes is mass uprising, and the most likely domestic causes for the demise of a sultanistic regime are assassination of the sultan or revolutionary upheaval by armed groups or civil society. O'Donnell (1989, 73) coincides with Linz and Stepan in per-

14. "Castro debe iniciar la transición, dice disidente cubano," *El Nuevo Herald* (17 December 1996).

15. Peter Zirnite, "US-Cuba: Clinton Finally Comes Down Hard on Cuba," InterPress Third World News Agency (12 March 1996).

16. The Castro regime seems to be quite similar to Romania under Nicolae Ceaușescu. Linz (1990) classifies Romania as a mixed type of totalitarianism and sultanism.

17. A frozen post-totalitarian regime also includes some limited spaces for a market economy and features associated with totalitarian regimes (but in a somewhat deteriorated form) like an official guiding ideology and routine mobilization of the population. Linz and Stepan (1996, chap. 4). For a characterization of the Castro regime that points to features of frozen post-totalitarianism see Edward González (1996, ix). The regime in Cuba is portrayed as being in a state of stasis, with limited market reforms, the Communist Party monopolizing power, and without feasible political alternatives.

18. For clear sultanistic features of the Castro regime see Baloyra (1993).

ceiving the unavailability of a peaceful, negotiated mode of political transition from sultanistic regimes. In O'Donnell's view, caudillos-führers are highly paranoid and have a compulsion to eliminate any source of power independent of their whims, particularly the softliners. Softliners may emerge, but they cannot move too far toward liberalization without being removed from their leadership positions by the caudillo. The only possible modes of political transition are the death of the supreme leader or the leader's overthrow. There has never been a transition initiated by a caudillo.¹⁹

Castro and other hardliners dominate, insist on the retention of one-party rule, and oppose political liberalization.²⁰ Fidel is unwilling to relinquish any of his power and would not accept a negotiated political transition. The lesson he drew from the demise of communism in Eastern Europe is that political liberalization leads to disaster for the dictatorship (González and Ronsfeldt 1994, ix-xi; Centeno 1996).

Thus, given the nature of the dictatorial regime in Cuba, one should not expect the emergence of softliners with sufficient power over time to be able to negotiate a transition to democracy. Hence, the possibility of a peaceful, negotiated political transition in Cuba is impossible under the current regime.

Some critics of the U.S. economic embargo maintain that tightening the embargo is detrimental for political reformers within the regime because a confrontational U.S. policy toward the Castro government gives hardliners among the ruling elite a convenient pretext to repress regime reformers who favor dialogue with dissidents; thereby U.S. policy hinders the possibility of a peaceful transition to democracy.²¹

Hardliners have launched attacks on potential reformers after the Helms-Burton became law. The best known recent assault by hardliners took place at the V Plenum of the Central Committee of the Communist Party of Cuba in March 1996.²² In the speech given by Raúl Castro, he attacked academics in Cuba who have published with scholars in the U.S., specifically targeting the Center for American Studies in Cuba for allegedly falling into a trap laid by foreign Cuba experts. According to Raúl, academics in the U.S. served the U.S. policy of promoting "fifth columnists" to generate subversion. Raúl stated that, "the party cannot tolerate officials who act on their own; ... we must strive to maintain our revolutionary purity." After Raúl's speech, the director of the Center for American Studies was fired and replaced with an academic with solid hardline credentials. Copies of the speech were distributed to all academic centers, and teams of "inspectors" were sent to academic centers attacked in the speech.²³

While one can see attacks by hardliners on apparent softliners after U.S. measures to strengthen the embargo, the causal relation between the two factors is spurious. When have hardliners in Cuba allowed softliners to flourish? Do hardliners need any externally generated pretext to crack down on reformers when hardliners feel it is necessary? Both theory and evidence point to the false causal relation between U.S. policy and repression of regime reformers. True to its sultanistic nature, Fidel Castro has through time repressed potential challengers within the regime. Back in the 1960s, he repressed members of the pre-1959 communist party, the Popular Socialist Party, during the "microfraction" crisis because Castro perceived Moscow-oriented communists to be a potential challenge to his authority. Since 1980,

19. Baloyra (1993, 38) also makes the observation that no peaceful transition has ever taken place in a caudillo-led regime.

20. For the very unlikely emergence of viable softliners under the Castro regime and the rooting out of potential regime softliners during 1990-91 see del Aguila (1993).

21. For example, see Gunn (1994, 140).

22. At the meeting, Fidel Castro maintained that, "socialism has no alternative in this country; the revolution has no alternative." *Cuba Hoy* 2, no. 142 (27 March 1996).

23. Mimi Whitefield and Juan O. Tamayo, "Raul Castro's attack on intellectuals stirs backlash," Knight-Ridder News Service (12 April 1996).

mechanisms of control have been strengthened, and there have been widespread substitutions of personnel, as Fidel Castro launched a campaign to resist infringement on his authority (Baloyra 1993, 49-51). In the mid 1980s, the “maximum leader” implemented an attack on individuals and ideas favorable to perestroika, resulting in the dismissal of high-ranking personnel (Domínguez 1993a, 105).

NORMAL INTERNATIONAL RELATIONS AND POLITICAL TRANSITION

In their dispute with the U.S. over the Helms-Burton law, officials from Western European countries have repeatedly argued that the way to achieve political reforms in Cuba is to have more trade with the Castro government.²⁴ The same position is advocated by some scholars. For example, Mesa-Lago and Fabian suggest that internal democratization could be encouraged by a policy of dialogue-bargaining and openings in trade; that the hostile U.S. approach has failed to change Cuba for more than three decades (Mesa-Lago and Fabian 1993, 370). Some who advocate this line of thinking assume that normal international relations could allow foreigners to travel to Cuba, exercise freedom of speech, make contacts with people and strengthen the opposition, eventually pushing the Castro government toward political liberalization. Moreover, there is the belief that regime elites would be willing to exercise some political flexibility for the sake of maintaining economic relations with foreign countries.

It should be kept in mind that the U.S. economic embargo is not a blockade. Practically every country in the world has normal relations with Cuba. Mexico

and Canada never broke off their diplomatic and economic relations with the Castro government. In addition, the U.S. economic embargo has not precluded contacts between people in the U.S. and those in Cuba. Thousands of Cuban exiles have been going to visit their relatives in Cuba over the years; there have been visits and contacts between scholars in the U.S. and academics in Cuba. In addition, the Cuban Democracy Act, a U.S. law established in 1992, pushed for a “track-two” policy of fostering personal contacts between the two countries and seeking to help nongovernmental organizations in Cuba.

Raúl Castro has denounced the track-two U.S. policy as a “rotten carrot” and exhorted Cubans to resist it. Referring to the tack-two policy, Castro said, “we are not (sitting) with our arms crossed, we are ready and prepared to reply in this politico-ideological area, to confront it in every dimension.”²⁵ Foreigners that have met with persons considered dissidents by the Castro government have been expelled from Cuba and the Cubans contacted have been repressed.²⁶ A new tactic being used by the regime to curtail contacts between dissidents and foreign visitors is to banish dissidents to the provinces, away from Havana.²⁷

The often heard criticism of the embargo, that it has lasted since 1962 and Castro is still in power (which I will address below) can be turned into a critique of the effectiveness of normal relations in achieving political change in Cuba. Have normal relations between Cuba and countries in Western Europe and Latin America been effective in fostering a political transition in Cuba? The answer is negative whether one takes a long-term perspective (1960s to the

24. Thomas W. Lippman, “U.S. Allies to Seek Reforms in Cuba,” *The Washington Post* (17 August 1996).

25. Reuters News Service (18 November 1995).

26. For example, Susan Bilello, an official of the New York-based Committee to Protect Journalists was expelled from Cuba in June 1996 after being arrested and interrogated by Cuban security for “fomenting rebellion.” Ms. Bilello was in Cuba meeting with Cubans attempting to practice independent journalism. All of her notebooks, personal papers, and film were seized. Hector Palacio Ruiz, president of the Partido Solidaridad Democrática, was jailed after talking to Swedish journalists in December 1996. And envoys from the U.S. and Europe reaching out to dissidents are being harassed by Cuban authorities; see Christopher Marquis, “Havana placing bumps in foreign envoy’s way,” *The Miami Herald* (4 April 1997).

27. Juan O. Tamayo, “Banishment wears down Cuban dissidents,” *The Miami Herald* (5 September 1996).

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present) or one looks at the results of normal international relations in the post Cold War period.²⁸

Over the years, officials from various countries and international organizations have asked ruling elites in Cuba to respect human rights and move the country toward democracy. Felipe González, the former prime minister of Spain, had a close and supportive bilateral relation with the Castro government. His attempts to convince Castro to introduce democratic reforms were unsuccessful (Mesa-Lago, 1995, 194). The list of foreign dignitaries that have recently tried to get the Cuban government to respect human rights and/or to carry out political reforms is extensive, including for example: Jakob Kellenberger, chancellor of the Swiss Confederation; José María Aznar, current prime minister of Spain, and Carlos Menem, president of Argentina.²⁹

Fidel Castro joined twenty-two other heads of state of Latin American nations plus Spain and Portugal at the sixth Iberian-American Summit held in Viña del Mar, Chile during November 10-11, 1996. The focus of the conference was democratic governability. At the summit, the heads of state, including Castro, signed a final declaration document, the "Declaration of Viña del Mar." The declaration has three parts. The first is a reaffirmation of democracy. It states that democracy has to be representative and commits the signatories to support political pluralism, freedom of speech and of association, free, regu-

lar, and transparent elections, and respect for human rights.³⁰

After returning to Cuba from Chile, in a speech to the Havana leadership of the Communist Party, he sneered at what he called "recipes" for democracy and maintained that in Cuba the Communist Party is enough.³¹ As could be expected, harassment, beatings, and imprisonment of peaceful dissidents and independent journalists by Cuban authorities have continued to this day.³²

Given the precarious situation of the Cuban economy, one could expect that this would be an appropriate time to test the willingness of the Castro regime to enter into negotiations with foreign countries to bargain internal measures of political liberalization for external economic assistance. In December 1996, the European Community officially made respect for human rights and indications by the Castro regime of political liberalization a prior condition for the establishment of an economic cooperation accord with Cuba. The EC policy is binding on its fifteen members. Since 1994, EC officials had been telling Cuban authorities that reaching an economic cooperation agreement with Cuba depended on respect for human rights and political reforms.³³ A cooperation agreement with the EC would facilitate trade, investments and aid. EC governments no longer protect private investments in Cuba nor offer entrepreneurs

28. Even after the political and economic consequences for Cuba of the lost of support from Soviet Bloc countries in the 1990s, the Castro regime has proven to be unyielding to international pressures for significant respect for human rights, not to mention other demands for political liberalization.

29. *Cuba al día* (June 1994) and the Chronology of Cuban Events, 1994, Information Resources Branch, Radio Martí Program. José Miguel Vivanco, executive director of Human Rights Watch/Americas, in an article published in 1996, states that while Europe's dialogue with Cuba has led to the periodic release of some political prisoners European Union policy toward Cuba has had no effect whatsoever on the repression of basic liberties by the Castro regime. Christopher Marquis, "Rights group: EU economic policy in Cuba unjustified," *The Miami Herald*, 21 September 1996.

30. *CubaHoy*, 2, no. 200 (12 November 1996).

31. "Castro again rejects world pleas for reform," *The Miami Herald* (26 November 1996).

32. Reports of human rights violations come from Cuba on a daily basis by independent journalists, see CubaNet on the internet. The Inter-American Commission on Human Rights, an agency of the OAS., issued a report in 1997 stating that the Cuban government systematically tramples civil rights and political freedom, among other abuses. Pablo Alfonso, "Report cites abuses of rights in Cuba," *The Miami Herald* (30 April 1997).

33. Chronology of Cuban Events, 1994, Information Resources Branch, Radio Martí Program, (26 January 1994).

insurance for their exports to the island.³⁴ At the sixth Iberian American Summit in Chile in November, 1996, José María Aznar offered Fidel Castro to get the EC to improve relations with Cuba if Fidel took some step toward democracy. Castro flatly rejected Aznar's offer declaring that he has no intention to democratize his regime.³⁵ Both Fidel and Raúl Castro have reiterated that their government would never negotiate better relations with the U.S. on conditions of changes in Cuba's domestic policies.³⁶

ECONOMIC CRISES AND TRANSITIONS: THEORY AND COMPARISONS

Major theoretical works on transitions to democracy concur in that dictatorships tend to fall when faced with crises. Przeworski (1991, 57) observes that splits in the authoritarian power bloc are induced by signs of an imminent crisis, including signs of popular unrest. Softliners, who emerge from divisions in the ruling elite, usually initiate political liberalization (the start of a transition process).³⁷ Huntington (1991, 593) argues that when an authoritarian regime confronts seemingly unsolvable problems (usually of an economic nature) and/or when the regime resorts to increasing repression, reformers within the regime are more likely to emerge. This is so because softliners conclude that it is desirable to seek a graceful exit from power, given the costs of staying in power.³⁸

In a recent cross-national, statistical study involving 139 countries from 1950 to 1990, Przeworski and Limongi (1994, 11) found that authoritarian regimes are more likely to survive when their economies grow

and more likely to be destabilized when they face economic crises. Scholars of Eastern European politics observe that a key factor underlying the pressures that caused the fall of communism in Eastern Europe was the deterioration of the economies in Eastern European countries. Decline in the population's standard of living decreased people's tolerance for the regimes. As their situation grew worse, the population became increasingly aware of the failure of their own regimes to provide an acceptable level of prosperity. The economies of Czechoslovakia, Romania, and other Eastern European countries experienced a declining trend in average annual GNP growth from 1970 to 1990. In East Germany, average annual rates of growth went on a downward course from 1970 to 1980 and stagnated afterward until the collapse of communism (Linden 1993, 28-30). In Hungary, the drying up of external resources increased internal tensions (Bruszt 1990, 383). In Czechoslovakia, one of the causes of the collapse of communism was the perception of an approaching economic crisis. The growing public awareness of economic stagnation stimulated the opposition (Judt 1992, 96-97). In Romania, the impoverished economic conditions contributed to the popular mood that led to the uprising in December of 1989 (Brown 1991, 209). The connection between deterioration of economic performance and transitions to democracy is also observed in Latin America. Economic decline and drops in standards of living predated the wave of democratization in the region during the 1980s (Remmer 1992, 10-12).

34. Juan O. Tamayo, "Europeans get tough in policy on Cuba," *The Miami Herald* (3 December 1996); Steven Lee Myers, "Europe's Call for Rights in Cuba Wins U.S. Approval," *The New York Times* (4 December 1996); Pablo Alfonso, "UE quiere mover a Cuba hacia la democratización," *El Nuevo Herald* (4 December 1996).

35. *CubaHoy* 2, no. 200 (12 November 1996).

36. For Raúl's comments see Reuters News Service (18 November 1995). For Fidel's position see Mesa-Lago (1995, 196-97).

37. Liberalization is the process of allowing individuals to have certain rights. These rights include: freedom of speech, of movement, and of association, and the right to a fair trial under rules of preestablished laws. Liberalization is a matter of degree, rights can be granted by the dictatorship to a lesser or greater degree (O'Donnell and Schmitter 1986).

38. Huntington also points to factors that induce the emergence of regime softliners by making them believe that democratizing would produce benefits for their country: (a) reduction of U.S. or other sanctions against their regime, and (b) opening the door to economic assistance and I.M.F. loans. These two factors are relevant for Cuba since by law the U.S. embargo would be lifted upon democratization and Bill Clinton's "Support for a Democratic Transition in Cuba," (discussed below) commits U.S. assistance to transitional and democratic governments in Cuba.

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Two ways in which economic crises seem to contribute to the demise of authoritarian regimes are: (a) by fostering opposition to the regime among ordinary citizens—people blame the government for their increased poverty and withdraw support or acquiescence; and (b) by reducing the benefit stream to direct supporters and coalition allies (Geddes 1995, 27).

By contrast, when an authoritarian regime is perceived as successful, e.g., in terms of economic performance, softliners are less likely to be able and willing to launch liberalization (O'Donnell and Schmitter 1986, 16). There is no empirical evidence to support the hypothesis that economic development generates democracy. Countries under authoritarian regimes are not more likely to experience a transition to democracy as they reach higher levels of economic development (Przeworski and Limongi 1994, 6-9).

Applying the theoretical discussion to the situation in Cuba leads to the following conclusions.

If one were to assume that a negotiated, peaceful political transition is possible in Cuba (like in Spain or Poland, for example), then an economic crisis helps to increase the probability of a negotiated transition by fostering the emergence of softliners able and willing to lead such transition. The U.S. economic embargo hurts the Cuban economy (as will be seen below). Thus, the argument by critics of the embargo that lifting the embargo would help a peaceful transition in Cuba is self-contradictory.

Yet, as analyses of regime types and modes of transition indicate, a negotiated transition is extremely unlikely or impossible under the Castro regime. Hence, the economic crisis in Cuba should stimulate some regime elites to take political reformist positions, but such positions cannot be made public, doing so

would result in demotion or elimination. A hypothesis that can be derived is that the combination of the Castro regime type with economic crisis produces latent softliners.³⁹ A practical question is whether such covert political reformers would help to bring about the end of the Castro regime in the event of a political transition pushed from below. Intuitively, the answer seems positive.

When softliners emerge in authoritarian regimes, some are proto-democratizers who, confronting the choice between democracy and the status quo or an even more repressive dictatorship, prefer democracy.⁴⁰ Other softliners come to prefer democracy over other possible alternatives when confronted with pressures from below and the incapacity to repress social forces effectively. These softliners do so because they engage in wishful thinking and entertain the illusion that they will be able to win elections (Przeworski 1991, chap. 2). Geddes (1995, 2) observes that transitions to democracy from single-party regimes tend to take place due to exogenous shocks rather than internal splits. A highly visible popular opposition is an exogenous shock that tends to persuade cadres of the dictatorship to desert the regime based on a cost-benefit analysis of staying with the dictatorship.

In Cuba, there are signs that the regime is distressed about inadequate support among regime cadres. The economic crisis seems to be having a negative impact on support within the regime.

A recent report from the “Central Commission of Cadres,” created two years ago to help the Council of Ministers evaluate the work of the top levels of the *nomenklatura*, stated that problems with salaries continue to impair the motivation of cadres.⁴¹ It has been documented that the standard practice of the Castro regime over time has been to grant all sorts of

39. In the Soviet Union, Gorbachev was able to find allies within the Communist Party and the bureaucracy, people that supported glasnost. Yet these same people were there in the pre-Gorbachev period, indicating that latent political reformers existed under the orthodox mantle of the pre-1985 period.

40. The usual first choice for softliners is a liberalized dictatorship. The typical initial project of softliners is not to establish democracy but to liberalize as a way to ease pressures confronting the regime and thereby save the dictatorship.

41. “Raúl Castro arremete contra dirigentes políticos,” *El Nuevo Herald* (10 April 1997).

privileges, including material ones, to the ruling elite, especially top officers of the party, the government bureaucracy, the military and the state security apparatus (Clark 1992, chaps. 22 and 23). In meetings to discuss the party's platform for their national congress to be held in the fall of 1997, Communist Party members in Havana report that a surprising number of cadres are openly criticizing the platform. Traditionally such meetings have been to merely rubberstamp the platform. Members say that the platform does not mention solutions to the economic problems that Cubans face every day. According to one party member, "People are saying they don't see the government admitting anything wrong or taking any real steps to get us out of our crisis; they are at the end of their ropes, depressed."⁴² The regime also appears to be having problems with the motivation of the Committees for the Defense of the Revolution, (CDR). In a meeting of CDR leaders in Santiago de Cuba in April 1997, CDR leaders were criticized by the national leader of the CDR for abandoning their mission of maintaining surveillance of their blocks and neighborhoods.⁴³ Most ominous of all for the regime are indications of concern over the loyalty of military officers.

Title II of the Helms-Burton law calls for the U.S. government to prepare a plan of assistance to transitional and democratic governments in Cuba. Following this directive, the Clinton administration released in January 1997 a plan titled, "Support for a Democratic Transition in Cuba." The document pledges the U.S. government to help Cuba in various ways, e.g., technical and financial assistance to rebuild the economy, the infrastructure, and democratic institu-

tions. In addition, the document declares that the U.S. is willing to return to a democratic government the Naval Base at Guantanamo (a carrot to Cuban nationalism) and that the armed forces in Cuba could play a positive role in the transition. In reference to militaries in former communist countries, the document makes the point that their core professional interests need not be threatened by democracy, that the armed forces in such countries have withdrawn from non-military functions like internal security and economic activities. Moreover, an offer is made of military-to-military cooperation with the U.S. armed forces to a Cuban military that is supportive of a civilian democratic government.

With the deterioration of the Cuban economy, a key role for the Cuban military has been to run agricultural and business enterprises, e.g., department stores and tourist resorts.⁴⁴ According to a colonel in the Cuban air force who defected to the U.S. in 1994, there is a lot of discontent among professional officers in the Cuban military because they have been forced to work in the agricultural sector.⁴⁵ An official of the Cuban government disclosed that fifty percent of the armed forces is dedicated to agricultural activities.

After Clinton made public the "Support for a Democratic Transition in Cuba," the Castro government conducted a national campaign to have military officers sign a document supporting the Castro regime and repudiating U.S. policy toward Cuba.⁴⁶ Contingency plans for the death of Fidel Castro, disclosed in a document of the Cuban government, call for the

42. Juan O. Tamayo, "Will Albright make a move on Cuba policy?" *The Miami Herald* (19 June 1997).

43. Tomás Regalado, "Redoblan la vigilancia a los cubanos," *Diario Las Américas* (30 April 1997).

44. Cathy Booth, "The Surprising Emergence of Raul," *Time*, 144, no. 20 (14 November 1994).

45. Huntington (1991) indicates that in Romania, military disaffection was promoted by Ceaușescu's policies weakening military professionalism and corrupting the officer corps. From this perspective, the Romanian experience seems replicated in Cuba. The military in Cuba is involved in business enterprises in the dollar sector of the economy, and some of these firms have become quasi-private. The Cuban government acknowledges that there is widespread corruption among its ranks. See for example, Tomás Regalado, "Comunismo cubano admite corrupción amplia del gobierno," *Diario Las Américas* (26 March 1997). For a report of corruption among top ranking members of the state security apparatus (the Ministry of the Interior) see, "Impugnados por corrupción dos altos funcionarios militares cienfuegueros," *CubaNet News* (1 August 1997).

46. Armando Correa, "Ejército cubano no asusta a Castro ni a Clinton," *El Nuevo Herald* (20 April 1997).

arrest of more than one hundred military officers, who are under investigation.⁴⁷

The bombings in major tourist hotels in Cuba in 1997 has kindled the question of possible involvement of dissident military or security personnel in Cuba, given the extreme security measures of the government and the expertise and coordination involved in the bombings. Whoever was responsible for these acts, their occurrence points to a deterioration in the effectiveness of the security apparatus. These events had not occurred in Cuba for a very long time.

TRANSITION FROM BELOW IN CUBA

In cataloging possible scenarios of political change in Cuba, Suchlicki (1992, 25-26) considers highly improbable that: (a) Fidel Castro will turn power to somebody; (b) that he will be overthrown by a military coup; or (c) that he will be assassinated.⁴⁸ In Suchlicki's view, it is a lot more likely that the Castro regime will fall as the result of a Romanian-type transition, in which as the economy continues to deteriorate or stagnate popular revolt will spread with the military, or most of it, siding with the population.⁴⁹ I agree with Suchlicki's opinion. But assigning this scenario a high probability can be questioned on a number of grounds.⁵⁰

One possible argument against the likelihood of a transition from below is that the Castro regime still enjoys considerable support. A variant of this assertion, but with the same implication, is that Cuba is different from Eastern European countries in that communism in Cuba is the result of a national revolution rather than an imposition by Soviet power.⁵¹ The underlying assumption in these arguments is that legitimacy is an important factor in explaining the endurance of the Castro regime.⁵² Yet to use the notion of legitimacy to account for the survival of dictatorships is tautological.⁵³

Another argument, similar to the legitimacy one but not quite the same, is that the Castro regime enjoys some significant degree of support due to feelings of nationalism.⁵⁴ In this view, the U.S. embargo, rather than increasing the possibility of a transition from below, actually makes it less likely. The reason is that the embargo produces a rallying around the flag effect. The idea is that pressure from the U.S. on the Cuban government helps Castro to stay in power by fostering among people support for the regime because of nationalism.⁵⁵

While it is true that the Cuban government uses the embargo, and measures to tighten it like the Cuban

47. Frank Calzón, "Los funerales del Líder Maximo," *El Nuevo Herald* (24 January 1997).

48. Removal of Fidel by a military coup is considered to be practically impossible, in part due to the organizational structure of the armed forces and to the nature of counterintelligence. Elimination of Castro by assassination is also given a low probability because of the tight security surrounding him.

49. The perception that substantial popular revolts can occur in Cuba as a consequence of the poor state of the economy is shared by top generals in the Cuban military and by dissidents leaders in Cuba. Pablo Alfonso, "Plan abre vía a militares cubanos," *El Nuevo Herald* (6 February 1997) and "Elizandro Sánchez ve cambio inminente en Cuba," *El Nuevo Herald* (19 January 1997).

50. The view that a deterioration of the economy increases popular discontent and can lead to a political transition in Cuba is held by a number of scholars, e.g., Mesa-Lago (1995, 250).

51. A case could be made that, as in Cuba, in the Soviet Union communism was the result of a national revolution, or one could argue that in both Cuba and the Soviet Union communists imposed their rule by force after the national revolutions.

52. Domínguez (1993b, 97-98) argues that an important factor explaining why the Castro government has not fallen is that, in contrast to countries in Eastern Europe, the Cuban regime enjoys legitimacy among the population.

53. For an explanation of this point see Przeworski (1986, 50-53). Dictatorships can survive without legitimacy; they can do so by the threat of force. What matters for the stability of a dictatorship is not the legitimacy that the regime may have but the presence or absence of preferable alternatives.

54. The arguments are similar in the sense that both assume that popular support is an important factor for the survival of the regime. They differ in the source of motivation for the support.

55. This argument is made quite frequently, e.g., Domínguez (1995, 698); Schulz (1994, 2); González (1996, 79-80); and Alejandro Portes, "Under Helms-Burton: Cuba struggles but it's not vanquished," *The Miami Herald* (25 November 1996).

Democracy Act and the Helms-Burton law, to stir up nationalism, the effectiveness of these efforts is questionable.⁵⁶ It is a big assumption to believe that because an authoritarian government tries to equate itself with the flag people will fall for it and support the regime out of nationalism. The government attempts might work on some people, but on how many? Making what difference for regime support? In Romania, Ceausescu tried to use nationalism as a pillar of support for his government, but his appeal to nationalism was depleted and came to fall on deaf ears (Eyal 1990, 155).

There are a number of indicators raising doubts about the effectiveness in Cuba of the rally around the flag government efforts. One is the disjuncture between the government and nationalism that ensues from "tourist apartheid" and from the privileged treatment given to foreign investors.⁵⁷ Foreign capitalists are given generous concessions to invest in Cuba while the possibility of Cubans to develop their own private enterprises is severely restricted by the government (Gonzalez and Ronsfeldt 1994; Centeno 1996).⁵⁸ Castro and other hardliners oppose going beyond quite limited market reforms in Cuba's internal economy as they open the country to enclaves of foreign investment.⁵⁹ Evidence also suggests that people are unswayed by efforts on the part of the Castro

government to blame the U.S. for problems in Cuba. Reports indicate that people do not pay attention to official declarations against the U.S., trying to fuel the flames of confrontation.⁶⁰

Even if one discards notions of popular support as important for the survival of the regime, a transition from below can be seen as a remote possibility because civil society is weak and the means of repression in the hands of the state are strong.⁶¹ This is the view of several scholars, e.g., González and Ronsfeldt (1994, 36); Centeno (1996); and Schulz (1994).

In an unprecedented coalescing of opposition groups inside Cuba, Concilio Cubano was formed in October of 1995. It is an umbrella association that at its inception brought together 130 organizations of various types, e.g., political, environmental, professional, labor unions, and human rights groups. Its central goal has been to push for a peaceful transition to democracy. Concilio formally petitioned the Cuban government for permission to meet for its first conference on February 24-27, 1996, appealing to a provision in Cuba's Constitution that recognizes the right to free association. The government denied permission and launched an intensive campaign of repression against members of Concilio.

56. Ricardo Alarcón, president of the National Assembly, stated that the Helms-Burton is very useful for the Castro regime in ideologically motivating young people. Larry Rohter, "Cuba taking a harder line," *The New York Times* (31 March 1996).

57. The term apartheid tourism is used to depict the fact that foreign tourist receive luxury treatment that is off-limits to the Cuban population. The worst measures of apartheid lasted until 1993, but still the general population is not allowed into hotels, resorts, beaches, and other tourist areas.

58. For a description of obstacles put by the state on Cuban private entrepreneurs see Ulises Cabrera, "Crónica de un cuentapropista," *APIC* (14 August 1996) and Juan O. Tamayo, "Cuban inspectors crack down on home businesses," *The Miami Herald* (27 March 1997).

59. According to Brown (1991, 127), in the German Democratic Republic and Romania, two regimes very unreceptive to perestroika, the state's refusal to reform antagonized the population to the point of open rebellion.

60. José Rivero García, "La Verdad Desnuda" *CubaPress* (2 March 1996). See also the declaration of the Partido Liberal Democrático de Cuba (8 April 1997), distributed by *CubaNet*. Cubans that have recently left the country report a growing pro-U.S. feelings among Cuba's youth because of the U.S. strong stand against the Castro dictatorship. "Cuba en la VI cumbre iberoamericana," *Revista Contacto* (November 1996). It is revealing that one of Fidel's nicknames in Cuba is Armando Guerra Solo.

61. A weak civil society is seen as one in which independent associations have few members and meager resources.

Implication of the U.S. Economic Embargo for a Political Transition in Cuba

Despite the constant repression against dissidents and independent journalists in Cuba, the regime has not destroyed them.⁶² New independent organizations are emerging all the time. The number of independent organizations, e.g., political, professional, labor unions, is increasing. For example, during the past two years, the number of independent news agencies grew from one to eight, and the number of reporters from a handful in Havana to several dozen around the island.⁶³

A common argument is that measures taken by the U.S. to strengthen the economic embargo, i.e., the Cuban Democracy Act of 1992 and the LIBERTAD Act of 1996, have a negative impact on the strength of the opposition in Cuba because such U.S. policies give the Cuban government a pretext to increase repression, and the government does so, e.g., Mesa-Lago and Fabian (1993, 369-370) and Schulz (1994, 2). Yet the Cuban government has intensified repression whenever the regime has felt pressure from the opposition, regardless of whether or not measures to intensify the U.S. embargo were in place. The wave of repression against members of Concilio Cubano started on February 15, 1996. At this time, the Helms-Burton bill seemed to be going nowhere in the U.S. Congress, as Bill Clinton opposed the measure, and there was the impression that Clinton wanted to ease relations with Cuba. Yet one could argue that at the time of the crack down on Concilio, the Cuban Democracy Act of 1992 was in force. But in 1991 there was another surge of repression in Cuba against dissidents and human-rights activists. In May 1991, in reference to the fall of communism in Eastern Europe, Fidel Castro declared that if a sin-

gle concession is made to "reactionaries" all sorts of concessions are demanded until they ask for your head (Domínguez 1993a, 123-125). The regime did not need any pretext of U.S. policy to justify repression. The campaign launched by Castro in 1991 against opponents in civil society was motivated by a desire to avoid the experiences of Eastern European countries, not because of an intensification of hostility on the part of the U.S. against the Cuban government. In May of 1991, President Bush said in an address transmitted over Radio Martí that the United States had no aggressive intentions toward Cuba and pledged that the U.S. would not invade Cuba.⁶⁴ Thereafter, until 1992, Bush systematically opposed bills introduced in Congress that would tighten the U.S. economic embargo on Cuba (Domínguez 1994, 171-172). In 1991, Cubans did not fear an aggression on the part of the United States (Domínguez 1994, 170-172).

At the level of the general population, there has been a positive association between deterioration of the economy on one hand and discontent and criticism of the Cuban government on the other.⁶⁵ The Cuban government has experienced an "exhaustion of ideology."⁶⁶ Linz and Stepan (1996, 49) argue that in post-totalitarian regimes, faith in official ideology as a foundation of legitimacy declines among the population, and regime authorities increasingly resort to performance criteria as the basis of support. From this perspective, a current weakness of the Castro regime is that economic performance in Cuba is quite poor. Survey data show widespread popular dissatisfaction with micro economic conditions (Baloyra 1994 and González and Ronfeldt 1994).

62. An important phenomenon is happening. Recent reports indicate that people are coming out to defend dissidents as the latter are being attacked by government repressive forces. Mercedes Moreno, "La solidaridad del pueblo con los periodistas," *Buró de Prensa Independiente de Cuba* (13 February 1997). Manuel David Orrio, "Defienden vecinos a sindicalistas independientes," independent journalist in Cuba (17 February 1997). In a meeting of leaders of the CDR's, some participants stated that the population is attacking the Committees. Tomás Regalado, "Redoblan la vigilancia a los cubanos," *Diario Las Américas* (30 April 1997).

63. Elise Ackerman, "Guerrilla Journalism: The Underground Press Fights for an Audience," *The Washington Post* (9 March 1997).

64. This was the first time since Castro took power that a U.S. president made such a pledge to the Cuban people.

65. According González and Ronsfeldt (1994, xiii, 55 and 57), if the Castro regime is to survive, it will need to improve economic performance at the micro level.

66. On the crisis of ideological legitimization in Cuba see Horowitz (1995) and Baloyra (1993 38).

If one were to compare the strength of civil society in Cuba today with that of civil societies in East Germany, Czechoslovakia and Romania, on the eve of their transitions from below, the civil society in Cuba does not seem weaker. These three Eastern European countries, but specially Romania, had dictatorships similar to the Castro regime. Czechoslovakia and the GDR had frozen post-totalitarian regimes and Romania had a mixed type of totalitarianism and sultanism.

In Romania, before the start of the revolt that toppled Ceaușescu, the opposition was minuscule. One estimate is that there was one dissident for every two million people (Brown 1991, 210). With a population of about twenty-three million people, that would have been approximately twelve dissidents. In June 1989, there were only two independent organizations, neither of which had publicly known leaders. Dissidents worked alone or almost alone (Linz and Stepan 1996, 352). Although sectors inside the Ceaușescu government, members of the Communist Party and of the Securitate, seem to have played an important role in his overthrow, the initiative came from below. The mass uprising triggered the actions regime cadres took against the Ceaușescu dictatorship (Verdery and Kligman 1992, 120-121).

Czechoslovakia had not experienced political liberalization when its velvet revolution started (Judit 1992). The foremost dissident group was Charter 77, whose members were often jailed. None of the groups that emerged in 1988 and 1989 besides Charter 77 could be considered an organized political opposition. In 1989, the hard-core of opposition groups consisted of about sixty people, with approximately five hundred supporters and collaborators (Linz and Stepan 1996, 319 and 321). The umbrella organization, Civic Forum, was not formed until

November 1989, when the regime was about to collapse (Linden 1993, 32).

East Germany's dissident umbrella organization, Neues Forum, was also formed in the heat of the revolution (Linden 1993, 32). As late as months preceding the collapse of communist rule in East Germany, there was a high degree of repression against members of independent groups and others who challenged the regime (Naimark 1992, 81-82).

It is estimated that in Cuba today there are several thousand overt dissidents.⁶⁷ Whatever the correct figure for Cuba, there are now more overt dissidents in Cuba than there were in Romania and possibly in Czechoslovakia and in East Germany as well.

In transitions via dictatorship breakdown, the military is the ultimate support for the regimes. If the military refuses to use force against the opposition when the latter takes to the streets, the regime falls. Opposition to the regime normally has to be widespread before the military deserts the regime (Huntington 1991). The growing disbelief in ideology among government cadres in post-totalitarian regimes, a feature of the regime in Cuba, increases the probability that cadres in the repressive apparatus will let the regime collapse rather than fire on the democratic opposition in times of crisis (as occurred in the velvet revolutions of East Germany and Czechoslovakia) (Linz and Stepan 1996, chap. 4).⁶⁸ The likelihood that the military will accept a democratic outcome is greater when the military has had little or no involvement in repressing the population, as is the case in Cuba (O'Donnell and Schmitter 1986, 28).

AN OVERVIEW OF THE ECONOMIC SITUATION

Economic growth in Cuba had been declining since 1986, but it was not until the fall of communism in Eastern Europe that the Cuban economy plummet-

67. One estimate is 5,000. Steve Fainaru, "Nine Months Later, Cuba Dissidents Still in Disarray," *The Boston Globe* (12 November 1996). Elizandro Sánchez, one of Cuba's best known dissident, say that there are "thousands." Anita Snow, "Bruised by Crackdown, Cuban Opposition Vows to Fight On," *Associated Press* (24 March 1997).

68. Interview data indicates that among the coercive staff of the communist dictatorship in East Germany in 1989 there was a sharp erosion in the belief in the legitimacy to use force against protesters. This fact seems to explain why protestors in East Germany were not shot when they challenged the regime (Linz and Stepan 1996, 323).

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ed. From 1989 to 1993, Cuba's Global Social Product decreased by 45 percent (Mesa-Lago 1996). Eighty-four percent of Cuba's trade was with the Council for Mutual Economic Assistance, and Cuba lost socialist economic aid of more than \$6 billion annually (Mesa-Lago 1995, 187). The loss of Soviet Bloc markets represented a decline in Cuba's exports from \$5.4 billion in 1989 to an estimated \$1.7 billion in 1994. Imports dropped from \$8.1 billion to \$2.5 billion in the same period.⁶⁹ Mesa-Lago (1996) estimates that in 1985 Cuba's GDP per capita was US\$334, similar to that of Haiti, and in 1996 the Cuban GDP per capita was US\$61, the lowest in the world.

Cuba stopped servicing its hard-currency debt in 1986. As of June 1997, the hard-currency foreign debt of Cuba was about \$11 billion.⁷⁰ As a consequence of the foreign debt situation, Cuba's external financing consists mostly of costly, short-term loans.

One of the consequences of Cuba's foreign debt is the disruption of trade. Firms in foreign countries have refused to continue trading with Cuba or have threatened to suspend deliveries to Cuba because of arrears in payments.⁷¹ Among the essential goods Cuba needs to import are fuel and food. Cuba needs to import fuel supplies to cover 50-80 percent of its needs (Mesa-Lago 1995, 187). Data from Cuba's Central Planning Board indicate that in 1989 Cuba imported 79 percent of the grains it consumed, 99 percent of beans, 21 percent of meat, 44 percent of fish, and 38 percent of dairy products.⁷²

The decline of the Cuban economy at the macro level after 1990 made the standard of living of the population a lot worse than usual, e.g., greater shortages of food and fuel and a decrease in the availability of transportation (Mesa-Lago 1993, 181-184 and 187; Domínguez 1995, 691). Other consequences of the poor economic performance have been deterioration in government services, a sharp increase in unemployment, and reduction of state subsidies for consumer goods and public services.⁷³

Since 1994, the tumble of the economy stopped. From the low level in which the economy found itself in 1993, the government reported 0.7 percent growth for 1994, 2.5 percent for 1995, and 7.8 percent for 1996. Cuban officials estimate that the growth rate for 1997 will be 4 percent. These growth data are more indicative of a trend than of actual growth because of the unreliability of the data. At an annual growth rate of 4 percent, it would take until 2005 for Cuba to attain the economic levels of 1989.⁷⁴

The economic growth since 1994 has not meant improved living conditions for the population. Carlos Lage, a vice-president of Cuba's Council of State and the top official in charge of the economy, in a speech at the V Plenum of the Central Committee of the Communist Party in March 1996, said that, despite the economic recovery, ordinary Cubans should expect to continue living with the austerity that has been the main feature of life since the collapse of communism in Eastern Europe.⁷⁵ The Central Workers Union (CTC), the government controlled

69. Data from the Economist Intelligence Unit. Don C. Becker, "Cuba," *The Journal of Commerce* (8 February 1996).

70. Nelson del Castillo, "Débil la relación económica cubana con el Caribe," *Diario Las Américas* (16 June 1997). This foreign debt figure does not include the 21 billion rubles owned to the former Soviet Union.

71. "Cuban debt discord sours Japan trade mission," *Reuter News Service* (24 November 1995). Chronology of Cuban Events, 1994, Information Resources Branch, Radio Martí Program, 22 March and 1 November. Cuba's officially declared trade deficits have been increasing. In 1994, the deficit was \$624 million; in 1996 it was \$1.7 billion.

72. Dalia Acosta "Food Shortfall Continues" *InterPress Third World News Agency* (23 September 1996).

73. The problem of unemployment has resulted from a reduction in public employment and the inability of a very limited private sector to absorb a significant number of the unemployed.

74. Edward González, "U.S. Can Better Dispose of Castro by Helping the Moderates in Cuba," *Los Angeles Times*, home edition, Business section (3 March 1996).

75. Larry Rohter, "Cuba taking a harder line," *The New York Times* (31 March 1996).

labor union, declared in September of 1996 that the growth of the economy in 1995-96 had not meant a significant improvements in the consumption of basic foodstuff for the general population.⁷⁶ There are indications that living conditions for the populace have deteriorated in comparison with 1995.⁷⁷

Sugar production does not promise to be a solution to Cuba's economic quagmire. Attracting foreign capital seems to be a necessary element to make headway in Cuba's economic performance (Mesa-Lago 1995, 187, 191 and 201-203). Tourism accounts for a large share of all foreign investment in Cuba. Foreign earnings from tourism have recently surpassed foreign income from sugar.⁷⁸

In 1989, the Cuban government started a campaign to attract foreign investment, mostly in the form of joint ventures in which state enterprises are the majority shareholders. Foreign investment has been allowed primarily in enclaves oriented toward exports and in the tourist industry.⁷⁹ Using official figures, foreign investment "committed/delivered" as of August 1996 was about \$752 million.⁸⁰ Risk analyses published for foreign investors, e.g., by Euromoney, rank Cuba as one of the riskiest countries in the world. Thus, the type of private investments in Cuba must typically be in projects that require small investments, that offer high profits and that make possible quick rates of return on investments.⁸¹ Ibrahim Ferradaz, Cuba's foreign investment minister, stated in 1996 that more than 75 percent of joint ventures and economic associations with foreign firms in Cuba involved investments no larger than \$5 million.⁸² The

business climate in Cuba inhibits a sufficient level of foreign investment to make a significant difference for economic growth. Foreign joint ventures employ only 1.3 percent of the working age population (Werlau 1996).

Yet foreign investment provides hard currency to the regime. The Cuban government is receiving about US\$212 million in annual income, including tax revenues, from foreign investment. The state's most important source of revenue from foreign investment comes from wage confiscation. The system of super exploitation of workers employed in joint ventures nets the state approximately an additional US\$361 million a year. Foreign firms cannot hire workers directly. The state provides the work force through a special employment agency. On average, the state receives from foreign investors US\$450 a month per worker while the government pays workers in Cuban pesos the equivalent of approximately US\$10 a month (Werlau 1996).

THE EFFECT OF THE U.S. EMBARGO ON CUBA'S ECONOMY

Given the large amount of economic aid that Cuba received from the Soviet Bloc countries, the U.S. economic embargo did not pose a major problem for Cuba (Mesa-Lago 1995, 197). The U.S. economic embargo has come to have an important negative effect on the Castro regime only after the end of non-market economic relations between Cuba and Eastern European countries.

The Helms-Burton law has curtailed hard currency income to the Cuban government in at least the fol-

76. Dalia Acosta "Food Shortfall Continues" *InterPress Third World News Agency* (23 September 1996).

77. At the end of 1996 and the beginning of 1997, several sources reported increased shortages of food in the rationing system, price increases for food in the market system, worsening electricity and cooking gas shutoffs, and increases in prices for public utilities. For example, see Juan O. Tamayo, "Cubans fear a recurrence of 'old days,'" *The Miami Herald* (25 September 1996); Ulises Cabrera, "La verdad sobre la falsa revalorización del peso cubano," *APIC* (26 November 1996).

78. Frances Kerry, "Cuba tourism sector tries to stamp out prostitution," *Reuters News Service* (12 December 1995).

79. Baloyra (1994, 33) and Frank Calzón, "Is Canada aware of evil in cutting deals with Cuba?" *The Miami Herald* (15 April 1996).

80. Cuban government data on foreign investment in Cuba are inflated. According Jorge Pérez-López, UN data shows that foreign direct investment into Cuba from 1990 to 1994 was \$60 million; see Werlau (1996).

81. Some of the incentives given by Cuba to foreign investors are: total or partial exemption of taxes on profits and customs duties and free repatriation of profits.

82. "Cuba woos small, medium foreign businesses," *Reuter News Service* (25 November 1996).

lowing ways: (a) decreasing new investment in Cuba by non-U.S. firms; (b) getting some firms which had investments in Cuba to divest; and (c) solidifying the maintenance of the embargo (since lifting it now requires congressional approval); thus significantly decreasing the possibility that American investors and tourists will expend their money in Cuba.

Carlos Lage acknowledges that the Helms-Burton has slowed down foreign investment in Cuba.⁸³ According to Canada's Ambassador to Cuba Mark Entwistle, the Helms-Burton law has had a "chilling effect" on investment decisions in Cuba by Canadian businessmen.⁸⁴ Following the passage of the Helms-Burton law, a trade delegation that was scheduled to travel to Cuba from the Caribbean Export Development Agency lost half of its participants due to cancellations.⁸⁵ Foreign firms have canceled, frozen or quietly deferred plans for investment in 17 hotels in Cuba.

Two firms that have ended their business in Cuba after the signing of the LIBERTAD Act are the Spanish firms Occidental Hoteles and Paradores Nacionales.⁸⁶ Cemex, a Mexican company, also left Cuba just days before its top executive was to receive a U.S. State Department letter warning him that he might be violating provisions of the Helms-Burton law.⁸⁷ Cemex has four cement production plants and eight distribution sites in the United States and its CEO wanted to avoid losing his ability to come into the United States. According to Archibald Ritter, professor of economics of Carlton University in Canada, Irving Corporation pulled out of Cuba in August

1995 largely because of concerns over the liability in the U.S. that the Helms-Burton bill presented. Irving Corporation owns property in the U.S. (In 1995, the bill was being considered in the U.S. Congress).⁸⁸ Other companies that have reportedly abandoned Cuba after the passage of Helms-Burton law include the Canadian sugar trading house Redpath, the South African mining company Gencor, and Mexican companies PEMEX and Grupo Vitro.⁸⁹ The Mexican firm Grupo Domos, the largest foreign investor in Cuba, decided to divest from its share in the Cuban telephone company ETECSA. Domos had been singled out by the U.S. government in applying Title IV of the Helms-Burton law. Domos executives and their families were barred from entry into the U.S. Moreover, Domos was short \$300 million to complete the original deal with the Cuban government, and apparently Domos could not find a partner willing to invest in ETECSA because potential investors were afraid of being subject to sanctions under the Helms-Burton law.⁹⁰

Despite the problems that Cuba has in attracting foreign investment due to political and economic problems unrelated to the U.S. embargo, it is to be expected that if the United States were to lift its embargo there would be a number of American firms willing to invest in Cuba.

Before the Cuban air force shot down the civilian planes on February 24, 1996, killing three American citizens and one U.S. resident, the Clinton Administration gave the impression that it wanted to ease relations with the Cuban government. There was the

83. *Time News Service* (7 March 1996) and *CubaHoy* 2, no. 142 (27 March 1996).

84. Pascal Fletcher, "Canada sees 'chill' effect of U.S. law on Cuba," *Reuter News Service* (8 May 1996).

85. *Cuba Brief*(12 April 1996).

86. Juan González Yuste, "Una cadena de hoteles española se retira de Cuba," *El Periódico* (12 June 1996) and Juan O. Tamayo, "Foreign Firms Delay Plans for Cuba Hotels," *The Miami Herald* (14 June 1996).

87. "Cemex leaves Cuba to avoid U.S. sanctions," *Reuter News Service* (9 May 1996) Cemex operated a cement plant in Cuba that once belonged to the U.S. company Lone Star Industries and had a contract to market cement produced in Cuba.

88. *The Journal of Commerce* (6 March 1996).

89. *Cuba Brief*(12 April 1996). U.S. Assistant Secretary for International Affairs, Jeffrey Davidow, reported to Congress in July 1996 that, because of Title IV of the LIBERTAD Act, a significant number of firms that were doing business involving confiscated U.S. properties were ending those business deals (Werlau 1996).

90. "Mayor inversionista anunciaría su retirada de Cuba a fin de mes," *El Nuevo Herald* (3 March 1997).

expectation that the U.S. economic embargo was going to be lifted or at least weakened. This perception prompted a surging trend of American entrepreneurs traveling to Cuba to scout business deals. Between 1994 and 1996, about 1,500 representatives of American firms went to Cuba, and according to an official of the Cuban government, more than 100 U.S. companies signed nonbinding letters of intent with state enterprises to do business in case the U.S. embargo ended.⁹¹

Besides increases in foreign direct investment going into Cuba if the U.S. embargo is lifted, such an event would also increase hard currency earnings for the Cuban government from American tourists. It is estimated that an end of the embargo could quickly double the number of tourists going to Cuba. When Clinton seemed to be considering lifting or weakening the embargo, there were plans in the shipping sector to dock four cruise ships simultaneously in Havana. Under the embargo, ships calling on Cuba have to wait six months before making a port stop in the United States; thus, Cuba currently hosts only one cruise ship a week.⁹² The U.S. Trading with the Enemy Act prohibits Americans from going to Cuba as tourists; the fine can be up to \$55,000 per violation.

Despite measures to strengthen the embargo, the U.S. is the largest source of humanitarian aid to Cuba.⁹³ The European Union sends Cuba about \$20 million a year in humanitarian aid.⁹⁴ The Clinton administration allowed the delivery of \$140 million in humanitarian aid to Cuba during Clinton's first term.⁹⁵

CONCLUSIONS

It is a tragedy. Under the Castro regime, the only kind of political transition that can be reasonably expected is a transition in which the initiative comes from below. It is not a matter of preferring a transition from below among alternative transition paths. It is that the regime type leaves no choice. A negative aspect of a transition via collapse in Cuba is that such transition can involve violence. At best, the transition could be relatively non-violent like those in the German Democratic Republic and in Czechoslovakia. But the end of the Castro regime most likely will be like the Romanian case. The sultanistic features of the Castro regime virtually preclude a nonviolent transition.⁹⁶ It is unrealistic to believe that a peaceful, negotiated transition is possible under the Castro regime, regardless of whether there is a U.S. embargo or not.

The weakness of civil society in Cuba today and the strength of the repressive apparatus are not factors that preclude a transition from below. A mass uprising could erupt, spread and obtain the support of significant sectors of the armed forces and possibly of members of the security forces and other regime cadres. The current strength of the overt opposition in civil society in Cuba is not less than in other countries with similar dictatorial regimes that experienced political transitions initiated from below. Moreover there are theoretical reasons and indications of evidence to expect that regime cadres may be willing to join the people in the event of a popular uprising.

Objections to the U.S. embargo, and to the Helms-Burton law in particular, may be raised on several grounds, e.g., in terms of violations of international

91. Werlau (1996, 458-59) and Mimi Whitefield, "Bill Puts Damper on Foreign Investments Initiatives," *The Miami Herald* (1 April 1996). On October 7, 1995, senior executives from more than 40 major U.S. corporations, including Sears, Hyatt Corporation, General Motors, Samsonite Luggage, Kmart, Tandy Corporation, the Gap, Lowes, Rockwell and Harley-Davidson dined with Fidel Castro in Havana. Chronology of Cuban Events, 1995, Information Resources Branch, Radio Martí Program.

92. Don C. Becker, "Cuba," *The Journal of Commerce* (28 February 1996). Frances Kerry, "U.S. travel executives meet Cuban tourism minister" *Reuter News Service* (12 December 1995).

93. U.S. Department of State, "The U.S. embargo and healthcare in Cuba" (14 May 1997).

94. "Cuba-Europe: EU Rejects Washington Deal," *InterPress Third World News Agency* (4 September 1996).

95. Steve Fainaru, "Nine Months Later, Cuba Dissidents Still in Disarray," *The Boston Globe* (12 November 1996).

96. Sultanistic characteristics make a violent transition most likely, see Linz and Stepan (1996, 357).

or U.S. laws. This article has limited itself to an analysis of the impact of the embargo on the possibility of a political transition in Cuba. This relationship is the main justification on the part of the United States for the Helms-Burton law and already presents enough complexity and controversy to warrant an article devoted solely to it. Other implications of the U.S. embargo can be the subject of other works.

The U.S. embargo is conducive to a political transition in Cuba. Even if it were possible for a transition to be negotiated between softliners and members of the opposition inside Cuba, the U.S. economic embargo would help promote the emergence of softliners by contributing to the economic plight. In the scenario of a transition from below, the embargo, and the LIBERTAD Act, also help bring about the demise of the Castro dictatorship by increasing the economic pressures that promote covert opposition within the regime and make a mass uprising more likely.

Theory and evidence from comparative studies indicate that poor economic performance is conducive to the demise of dictatorships. Concurrently, evidence from Cuba indicates that the economic crisis is undermining the ability of the dictatorship to survive by increasing discontent among regime cadres and in the general population.

The test of the effectiveness of the U.S. embargo is not its power to paralyze the Cuban economy but its capacity to reduce the financial resources available to the regime to distribute benefits to regime cadres and sustain mass acquiescence, i.e., to ease pressures within and below the regime arising from the deterioration of economic conditions. In fact, the embargo is currently reducing the amount of hard currency that the Cuban government is able to obtain.

Domínguez (1995, 691) has raised a challenging question. There has been a severe deterioration of the Cuban economy at the macro level as well as in the

living conditions of the population for about six years now. So, why has the Castro regime not fallen, despite the extraordinary suffering that afflicts the Cuban people? How long does it have to take for the Castro regime to fall under current conditions? How bad does the economic situation have to get before there is a mass uprising? An answer to these questions is in terms of probabilities.⁹⁷ While the Castro dictatorship has managed to survive thus far, the likelihood that it will fall is greater the longer its economy continues to deteriorate or stagnate.⁹⁸ The issue is not one of a threshold; it is one of probability. Evidence from Cuba indicates that as the economy stagnates discontent with the regime is greater among the population and among cadres. Thus, the political dynamics seem to be moving in a direction conducive to a political transition. The correct notion does not seem to be that if after a certain number of years of serious economic problems or after reaching a given point of economic deterioration the dictatorship has not fallen then it can be concluded that the regime is invulnerable to economic crises.

An alternative to maintaining the embargo is to lift it. It is an illusion to believe that ending the embargo will lead to greater respect for human rights in Cuba or encourage a negotiated political transition under the Castro regime. The failure of normal international relations between Cuba and countries in Latin America and Western Europe to achieve political liberalization or respect for human rights supports this conclusion. The foremost goal of the ruling elite is to perpetuate itself in power. The strategy of the dictatorship apparently is to obtain enough foreign exchange from its international transactions to muddle through while refusing to allow political liberalization. The Castro government is not willing to pay the price of respect for human rights for better international economic relations.

Lifting the embargo would not mean that the Castro government would allow significant market-oriented

97. A finding by Przeworski and Limongi (1994) is that the probability that a dictatorship will fall is greater when the dictatorship experiences an economic crisis.

98. Geddes (1995, 25) observes that, contrary to military regimes of the South American type, political transitions in single-party regimes require further and deeper economic shocks.

economic reforms nor that there would be a dramatic improvement in economic performance. The Cuban government has refused to move beyond quite limited market reforms while engaging in economic relations with countries other than the United States. Yet lifting the embargo would help the Castro regime to survive. Besides handing a political victory to the Cuban government, the end of the embargo would increase the financial resources available to the regime with which to ease the pressures it confronts arising from Cuba's economic situation.

The end of the embargo would make a political transition less likely. The likelihood that Fidel would die of natural causes while in office would be greater.

The current regime could last for an additional decade. Under the best outcome in this scenario, after Fidel dies a different type of regime could emerge in which a negotiated transition becomes possible. But the emergence of such a regime is not assured after the death of Fidel. It is possible that his younger brother, Raúl, the second in command in Cuba, could be able to maintain the current regime. In any event, anyone willing to bet on helping the Castro regime survive for the sake of a possible negotiated transition at some point in the distant future must not lose sight of the fact that people in Cuba have been living in hell for a long time.

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