

WRITTEN TESTIMONY
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Senator Grassley and distinguished members of this committee:

I appreciate very much the opportunity to discuss the important subject of U.S. relations with Cuba with you. This is a matter that has been of interest to me for many years, having taught the history of Cuba at various American universities and most recently published a book on the country's future (and the future of its relations with the United States) entitled *Cuba the Morning After: Confronting Castro's Legacy*. Naturally I commend it to you.

The Cuba issue is an emotional issue. It is also a highly controversial one, because so many members of the Cuban refugee community in the United States feel, I think with justification, that their sufferings have been ignored or misunderstood by our political and media elites. The question before us, however, is not whether the Castro regime is good or bad, but what policies are likely to advance our purposes—not just the purposes of the United States, but those of the Cuban people and the democratic international community generally.

I say this because there is an unfortunate, and I think false dichotomy based on those who favor, and those who oppose, the forty-year old U.S. trade embargo. The embargo is more a symbol than a reality. It leaks like a sieve. For

one thing, Castro is able to obtain almost everything he needs from other countries. For another, he is the beneficiary of millions of dollars sent by Cuban-Americans to their families on the island, which he vacuums up through special hard currency stores that sell products at three times their market price in neighboring Caribbean countries. For yet another, more than a hundred thousand Americans go to Cuba each year, most of them legally—Cuban-Americans who are permitted under existing regulations to visit their families. Presumably they bring in additional dollars clandestinely.

Lifting the embargo is not going to change the political situation in Cuba, just as the embargo itself has done little or nothing to loosen Castro's hold on power. Embargo or no embargo, I do not expect that situation to change as long as Fidel Castro is at the helm, which he may be for another decade or more. It may not even change after he is gone. But ending the embargo *would* position the United States more favorably in terms of world public opinion, and allow us to enlist greater support from other democratic countries on the subject of human rights in Cuba.

As things stand now, it is Castro who benefits the most from that embargo, so much so that I honestly think his greatest nightmare is that some day it might be lifted. First of all, it permits him to drape himself in the flag of Cuba nationalism. Second, it allows him to represent the United States rather than his own odious political and economic system as the first cause of Cuban poverty and backwardness. And third, it allows him to attract political sympathy far beyond the boundaries of Latin America. I was a delegate to the 59th session of the UN Commission on Human Rights Commission in Geneva this last spring, and I can tell you that the Cuban influence in that body is far,

far out of proportion to its size or geopolitical weight. It is due to the role into which we have unwittingly cast that country, as the first victim of U.S. “aggression” and “bullying”. Without victimhood, Castro has nowhere to go and cannot explain himself regime to his people or to the outside world.

There are many who imagine that the embargo also imposes serious economic costs on the U.S. economy, and very specifically on the U.S. farm economy. I presume that is what has partly inspired this hearing today. I have bad news for such people.

Cuba is not, and is not likely to become, an important market for U.S. agricultural exports, or indeed U. S. exports of any other kind any time soon. Cuba is a tropical island that once achieved great prosperity as the result of a special arrangement that allowed it to sell its sugar harvest at a subsidized price to the United States. That arrangement ended some forty years ago when the Cuban quota was divided up among forty other countries. Meanwhile, the Cuban industry has fallen into ruins. Thanks to neglect of physical plant, the inability to purchase spare parts from former Eastern European sources, a demoralized labor force, and excessively politicized management, the dictator was forced last year to close nearly half the country’s mills. The most recent harvest was the smallest in more than seventy years.

There are, to be sure, other economic activities on the island. Today tourism is the number one earner of hard currency, followed by nickel, tobacco, and biomedical products. None of these, however, are likely to produce the kind of resources needed to restore Cuba to the status of a major Latin American market such as it was in 1958.

The most important of these is tourism. Because of the U. S. embargo most visitors presently come from Canada, Europe or Latin America, a little less than two million each year, from which Cuba grosses roughly \$2 billion. By 2010 Cuban officials expect to receive some 10 million tourists each year—roughly five times the number who visit presently—spending \$5 billion. This projection is based on all kinds of optimistic notions—not merely the lifting of the U.S. travel ban, but an unprecedented flood of foreign investment. It also assumes that overseas participants in joint ventures will feel comfortable with the welter of curious regulations and restrictions that currently shape (or rather, misshape) the Cuban economy.

It is also based on the assumption that Cuba's hotel infrastructure will be able to expand rapidly enough to meet this demand, and that its deplorable food service will somehow improve. And finally, it blithely dismisses the competition will Cuba already faces elsewhere in the circum-Caribbean, particularly in Mexico, whose infrastructure is infinitely more sophisticated and whose menu of attractions is far complex and interesting.

According to Cuban official estimates, the island retains 22 cents of every tourist dollar. If true, the figure compares favorably with Barbados, which claims to keep 19. But since Barbados has a small business sector and some productive agriculture, it seems unlikely. Assuming, however, the Cuban official figure is correct, this means that if the island grossed \$5 billion in tourism each year, it would have about \$4 billion to spend on inputs, including, obviously, agricultural products to feed the visitors. This would put it roughly in the same category as the Dominican Republic, with roughly a third of Cuba's population, actually purchases \$400 million more than that.

So the notion of Cuba's tourist industry fueling an export boom for American agricultural producers can only be taken seriously if one is willing to stack a series of improbable best-case scenarios one against the other.

In any case, we are not in 2010 yet. As of today, Cuba is broke. Indeed, it is more than broke. It is living on arrears, that is to say, the obligations it is not paying to its other creditors. Its per capita foreign debt is one of the highest in the world--\$3,000, only \$500 less than Argentina, a country many times its size in terms of natural resources and human capital. The cash Castro is presently using to buy U.S. foodstuffs is being diverted from other obligations to Japan, France, Holland, even to Colonel Chávez's Venezuela.

Castro's game here is obvious. Having defaulted on obligations to creditors in Eastern and Western Europe, Japan and Latin America, his last ploy is to run up a huge bill with the United States, on which in time he will also default. This is assuming that he can persuade you gentlemen to grant him lines with the Commodity Credit Corporation, so that the rest of us taxpayers can pick up the bill five or ten years from now.

To be sure, Cuba needs American agricultural products. Some estimates put as much as 20 percent of the population on the ragged edge of starvation. This is so because Castro refuses to allow sufficient free market incentives in the agricultural sector, not because Cuba does not have the potential to feed itself.

Thanks to fifty years of Communism, Cuban living standards today more nearly resemble those of Africa than Latin America. And like Africa, it needs humanitarian assistance, including food aid. I think many of our purposes

would be better served by appropriating, say, half a billion dollars each year to purchase agricultural products outright which could be distributed to the Cuban people free of charge by the Catholic church and other recognized humanitarian organizations. We might even invite the Cuban-American community, which has done so much to look after its own in the United States, to participate in this effort.

This would give the lie to the notion that the United States is trying to starve the Cuban people because we do not like their political regime.

It is true that Fidel Castro might well reject such aid. He has already stated that Cuba “does not need” and “will not accept” European assistance, except on his own terms. I think, however, the offer should be made seriously and in good faith. Let him explain to his own people why *his* pride, *his* principles, *his* sovereignty, *his* dignity, demand that *they* should go hungry.