Debate

Free Trade: The United States and Cuba

ISSUE: Should the trade embargo against Cuba be lifted?

In early 2008 Raul Castro replaced his brother Fidel Castro as President of Cuba. Given the younger Castro’s propensity toward pragmatism and ability to admit mistakes, the United States saw this change in power as a possible shift toward more democratic polices for the communist Cuba. However, U.S. officials are skeptical as to whether Fidel Castro will still be an influence to politics through the voice and actions of his younger brother Raul. The United States has had a 50-year trade embargo against Cuba, which prevents not only the trade of goods and services between the countries but also prohibits tourist travel.

Due to the global recession of 2008, Cuba’s economy has suffered greatly, forcing Raul Castro to institute some radical changes. At the time, 90 percent of Cuba’s six million workers were government-employed, causing a heavy financial burden on the state. Other areas of the Cuban economy were also failing, resulting in rice shortages, weak yields in sugar crops, and a 37 percent decrease in imports. In 2010 Raul Castro announced that 500,000 government workers would be laid off to alleviate some of the pressure on the struggling economy. These workers would need to find work in the private sector. Before this announcement, only 600,000 Cuban workers were privately employed. Only minor service industries were allowed for privatization, such as taxi drivers and barbers.

Castro stated that the government would grant licenses to entrepreneurs that would allow them to work and employ people in more industries than before. While this is a more of a liberal shift for the government, these new sectors were limited to small activities such as repairing toys, teaching music, and selling piñatas. Agriculture was also opened up, but at the same time restricted due to the lack of supplies needed to maintain crops and farms. Other efforts by the Cuban government include partnering with the Roman Catholic Church to start a microloan program for entrepreneurs to open small businesses like shops and light manufacturing operations, as well as investing in certain industries such as oil, tourism, and biotechnology in hopes that these areas would be attractive to new workers. Castro also promised a reform in wages. He proposed that wages should be based on productivity and results. In 2011, the government made it legal for Cubans to buy and sell property, homes, and cars, which had not been allowed in over 50 years.
Despite the trade embargo, the Obama administration allowed Cuban-Americans to travel to Cuba and invest in small businesses there in 2009. While the embargo is still in place, it has become less strict in other areas. Food and agricultural exports to Cuba have been allowed since 2001. Other American organizations are showing interest in Cuba’s emerging business market and are urging the U.S. government to allow free trade with the country. The Cuba Study Group, in partnership with Banco Comportamos of Mexico, is forming a $10 million Cuban microloan program. Foreign investment, however, is still a challenge. Joint ventures with the government are the only way a company can enter the country, and being granted permission can take a very long time. If granted permission, a company is likely to hold a monopoly or at least a large share of the market in certain segments. On the other hand, it is possible that foreign executives may be imprisoned if suspected of corruption. For instance, CEOs have been imprisoned for long periods of time without charges, and some think that this is Raul Castro’s way of asserting his control. He still does not condone capitalism and is intent on making the socialism model work.

The reforms proposed by Raul Castro are coming along slowly, but many of those workers that were laid off have started their own businesses. The country is becoming accustomed to competition and variety. The citizens are not the only ones who are slowly adjusting. Castro is finding difficulty maintaining the ideal of socialism while implementing certain aspects of capitalism in order to spur the Cuban economy.

Some think that the United States should lift the embargo against the country to support the capitalistic efforts of the new Cuban market. Proponents argue that the proximity of the two countries is a benefit for trade. Those that advocate for free trade also point out the unequal treatment that Cuba receives compared to other countries with anti-American policies. For example, the United States continues to trade with Venezuela despite the late President Hugo Chavez’s anti-American sentiments and anti-capitalist policies. They argue that the United States continued to trade with Venezuela due to our dependence on their oil, creating an unfair situation in which Cuba was targeted but other countries with similar policies were not.

On the other hand, there continues to be strict opposition to trade with Cuba. Opponents claim that a trade agreement could make Cuba dependent upon the U.S. economy, thus empowering the Cuban people. They believe such a scenario would make Americans responsible in helping a communist government. Critics also point out the many human rights abuses that have been committed by the communist government in Cuba and state that trade with a country that is still highly communist and against entrepreneurship would be supporting a corrupt regime.

There are two sides to every story:
1. The United States should lift the embargo against Cuba as free trade will benefit both countries.

2. Lifting the embargo against Cuba would show support for a communist regime known for human rights abuses.

Sources: