

# Us foreign policy regarding economic policy and cuba



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From 1960 to 2014, United States policy toward Cuba remained unchanged. When Communism in the Soviet Union died, the Cuba-Soviet relationship was debilitated. In the middle of this situation was when the United States decided to recall its foreign policy toward Cuba. Before 1959, the foreign policies the U. S. used toward Cuba developed in political coercion between these two countries, in support of corrupt leaders to the U. S. and it also led to several military interventions. Unfortunately, after 1959 when Cuba turned toward a Communist society, the relationship between U. S. and Cuba evolved into adversity, where there was not any type of consensus between them. United States policy toward Cuba was based on mistaken assumptions that were confirmed over time. Some of the assumptions where the U. S. rested its policy argued that most of Cubans hated the Castro government, thus a good consolidation between political isolation and economic pressure could change or reform this regime.

However, it was proved with the time the isolation policies and the United States embargo did not accomplish their key target, which was to displace the Castro's regimen or force it to reform it. This policy was successful just in their secondary objective of cutting Cuban people off from the world and making them poorer. This situation just drove an existent repressive government to be even more repressive while charging it on American obstruction in domestic Cuban affairs and also blaming the critical bad economic situation of Cuba on the embargo. All these conflicts between these two nations seemed to be resolved in December 2014, when the United States President Barack Obama took the decision to normalize the relationship between these two. This decision proved that the U. S. policy

toward Cuba has remained unchanged for too many decades. As Obama indicated in his speech announced on December 17, 2014, about the normalization with Cuba, “ I do not believe we can keep doing the same thing for over five decades and expect a different result” (Leogrande 473). After this event happened, some of the strategies that could be used to improve the policy are: promote a significant impetus in Congress in order to dissolve totally or partially the economy embargo, support the reincorporation of Cuban government to the International Financial Institutions membership, and encourage Congress to allow the Foreign Claims Settlement Commission to open again the claims programs in Cuba.

The embargo was put into effect on Cuba after Fidel Castro started nationalizing private American’s properties, leading to an economic warfare against the United States. President Kennedy made public in 1962 a full economy embargo toward Cuba. The purpose of the embargo was modified in 1993 and stated: ‘ that it will not be lifted unless and until the government in Havana respects the “ internationally accepted standards of human rights” and “ democratic values”’ (Totten 31). Since the embargo was announced there have been several executives and legislative measures that have proved to strengthen or weaken the punishments regime. One of the most relevant was the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act, which is known as the Helms-Burton Act. This act was signed by President Clinton on March 12, 1996, after the Cuban Air Force, under Fidel Castro authorization, collapsed two American airplanes and ended killing four people. “ The Helms-Burton Act was created as a means to strengthen international sanctions against the Castro government in Cuba

and to support a transition government leading to a democratically elected government in Cuba” (Eiselman 328). Moreover, this act not just remained the embargo as it was at that time if not it cut down the actions and the power of the executive branch to make it weaker unilaterally. As the Helms-Burton Act, there were several more acts such as the 1992 Cuba Democracy Act (CDA). In general, the embargo has been all this time a barrier to normalize completely the relations between U. S. and Cuba.

Moreover, the Obama administration took several executive actions during his presidency with the purpose to unbind the embargo’s restrictions. However, those actions can be abolished by a future president because of its legal restrictions. That’s why one of the strategies that could be used to improve this policy is encouraging the administration to generate an important congressional pressure to end with the embargo, even if it cannot be fully derogated at least a part. Although there are still some supporters of the embargo policy, there is increasing congressional support for its revocation, including a significant number of business lobbies which could influence votes. The new economic reforms in Cuba make this lobbies have a bigger interest in performing business with Cuba, which at the same time engender further support for repeal it.

A long period of embargo toward Cuba drove the country to have a huge debt and significant financial problems. Cuba has not been able to acquire access to long-term credits because of the influence of the United States and also due to their constant delay on debt payment, except for Venezuela how gave them credits for oil; and China, Russia, and Brazil that loan them money. In order to look for normalizing the relationships with the <https://assignbuster.com/us-foreign-policy-regarding-economic-policy-and-cuba/>

international financial system, Cuba has moved forward to solve its impressive debt. The process of restructuring is focused on reducing its extremely huge debt and at the same time correct its bad reputation with moratorium payments. Due to their consistent efforts to solve this situation, in a few years, its foreign debt has decreased considerably. Cuba has obtained the cancelation of almost 70% of its debts and rescheduled payments on acceptable terms thanks to long-term debt renegotiations with major creditors such as Japan, Russia, Mexico and China (Torres 1686). Furthermore, Cuba's foreign investment law, deal between Cuba and the Paris Club in 2014, has been a fundamental key for the reintegration of the island into the international financial order.

A good strategy for the full recovery of the Cuban economy could rejoin the International Monetary Fund (IMF) and the World Bank, from which Fidel Castro decided to retreat almost six decades. Fidel Castro criticized for too many years these two institutions arguing that they were agents of the United States imperialism. For this strategy, the U. S. needs to try to eliminate all the doubts that Cubans still have regarding the International Financial Institutions (IFIs) membership and shows their support to help Cuba get back into the membership. This way the U. S. would facilitate the complete reintegration of Cuba into the international financial system. The IFIs membership, which includes the IMF, the World Bank, and other regional IFIs, have a huge potential for the island. This membership could be very important for the Cuban program of economic liberation and help it to expand its sources of finances. This rejoining could also awake investors and prove to them that this time Cuba will play honestly and under the

international rules. This membership would not only benefit Cuba but also the United States because one of the primary objectives of the U. S. new policy is to achieve that Cuba embraces a market-oriented economy.

Another aspect that needs to be solved with the purpose of fully normalizing the relations between Cuba and the United States is the settlement of property claims. After the triumph of the Cuban revolution, Fidel Castro nationalized most of the U. S. companies, froze and confiscated U. S. bank accounts and other capitals, and appropriated of personal properties owned by United States citizens. Due to Castro's actions, President Kennedy had to empower the United States Foreign Claims Settlement Commission (FCSC) to create a Cuba claims program in an attempt to inquire indemnity of those confiscated property. Since that moment, " the FCSC certified 5, 911 out of 8, 816 claims filed with a total value of approximately \$1. 82 billion USD. Applying the simple interest rate of 6 percent recommended by the FCSC, the current value of outstanding claims approaches \$7 billion USD" (Dueñas 560). By 2006, the FCSC finished last Cuba claims program. Unless the Congress does not authorize the delegation to keep its work, there will not be any further claims by U. S. citizens. Therefore, another strategy to normalize the relations between the two nations is to encourage Congress to allow the Foreign Claims Settlement Commission (FCSC) to open again the claims programs in Cuba. The reason why this situation needs to be solved is because Congress will not take any action to revoke the economy embargo towards Cuba until the U. S. claims are solved.

Finally, the best option for both countries to move forward would be to solve the United States embargo towards Cuba. In order to lift the embargo, there <https://assignbuster.com/us-foreign-policy-regarding-economic-policy-and-cuba/>

are several other steps that need to be done first. Both nations still seem to have long memories, and they are reluctant to keep moving forward unless past problems are determined. One of these problems that need to be solved is the compensation of billions of dollars that Cuba owes, due to the confiscation of bank accounts, properties, factories, and land in 1959 with the Cuban Revolution. But, at the same time, Cuba also demands billions because of the economic and human damaged occasioned because of the embargo. Both countries need to reach an agreement in an effort to keep going further. The United States had interest in solving the contradictions with Cuba and help the island solve their economic situation when Obama was president but now with the new president Donald Trump the economic embargo on Cuba seems to tighten. President Donald Trump is starting to make effective the rules he promised to punish the Cuban communist government, with the purpose of deviating the Cuban economy away from the Cuban security services and military. The Trump administration limited Americans from access to hotels in Cuba and other different business. These rules make the relation between both counties be even harder. Even though the rules are intimidating some business deals and also travelers due to its restrictions, they do not prohibit them to make such business or travels.

Ending the embargo is not going to be an easy task due to its complicated process that has lasted for too many years and its level of difficulty that keeps growing. Solving their discrepancies and leaving the past behind will be crucial for U. S.-Cuba foreign policy.

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