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# CUBA AND U.S. POLICY

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Y 4. IN 8/16:C 89/7

Cuba and U.S. Policy, 104-1 Hearing...

HEARING  
BEFORE THE  
SUBCOMMITTEE ON  
THE WESTERN HEMISPHERE  
OF THE  
COMMITTEE ON  
INTERNATIONAL RELATIONS  
HOUSE OF REPRESENTATIVES  
ONE HUNDRED FOURTH CONGRESS  
FIRST SESSION

FEBRUARY 23, 1995

Printed for the use of the Committee on International Relations



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# CUBA AND UNITED STATES POLICY

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THURSDAY, FEBRUARY 23, 1995

HOUSE OF REPRESENTATIVES,  
SUBCOMMITTEE ON WESTERN HEMISPHERE,  
COMMITTEE ON INTERNATIONAL RELATIONS,  
*Washington, DC.*

The subcommittee met, pursuant to call, at 2 p.m., in room 2172, Rayburn House Office Building, Hon. Dan Burton (chairman of the subcommittee) presiding.

Mr. BURTON. I will call this hearing to order. If you could take your seats, please, as quickly as possible.

Good afternoon, ladies and gentlemen. It is my pleasure to welcome you to our subcommittee hearing today. We will be focusing on the current situation in Cuba, and policy options for the United States of America.

I want to take a moment at the outset to state for the record my intense disappointment and disgust with the fact that the State Department did not see fit to provide us with a witness for this important hearing. Up until yesterday, we were expecting Deputy Assistant Secretary Skol to participate in this hearing.

Yesterday, we were informed by Legislative Affairs that not only was Ambassador Skol unavailable due to an unidentified "conflict," but that the administration was not even going to send a replacement.

I do not want to cast aspersions at any one individual, but there are people in the administration, and I believe that Morton Halperin is one at the NSC, who have a different opinion about our policy toward Cuba. One wonders if that kind of influence is being exerted on the State Department to keep them from testifying at a hearing like this. I hope that is not the case, because we believe that administration representatives should be here, and should state the administration's views on issues of this magnitude.

All of this took place yesterday, despite the fact that the administration, according to a very reliable source, had already prepared testimony for this hearing. This attitude is unacceptable, and only serves to poison the atmosphere between the subcommittee and the administration. We do not want that to happen. We want to have a good working relationship.

As I mentioned several weeks ago, we intend to make the democratization of Cuba a high priority for this subcommittee. As the only nondemocratic country in this hemisphere, Cuba deserves our full attention. We intend to hold many hearings to cast light upon what is happening in Cuba. It is my most fervent hope that during

this Congress we will witness the liberation of Cuba from Communist oppression.

This past weekend, I led a bipartisan delegation to Guantanamo Bay and Haiti. Several of my colleagues here with me today were on the trip. I think that I speak for all of them when I say that we were profoundly moved by what we saw in the safe haven camps in Guantanamo, Cuba.

We met with the base commanders, with many camp leaders, and many of the Cubans now residing in Guantanamo. Almost 30,000 Cuban people—men, women, and children—are living there in a state of limbo.

We learned that many of them were literally forced to leave their homes in Cuba, often on rafts and vessels completely unseaworthy. One man told us of being threatened by one of Castro's henchmen with a 15-year jail sentence if he did not leave Cuba with his family within 48 hours.

A person like that certainly should not be kept in limbo in Guantanamo. He was forced to leave. He was seeking freedom, and set out on the high seas despite a high probability of dying. Yet now we are keeping him in Guantanamo. We should have a better approach to solving his problem. There are many like him down there.

Anyone who has read Armando Valladares' moving book, "Against All Hope," or who knows anything about Cuban prisons, will immediately understand the implications of threats like those that I just mentioned.

It is crystal clear that Castro himself provoked this mass exodus, and created this human tragedy. His Communist dictatorship intends to rid the country periodically of the most likely sources of discontent, thereby creating a pressure escape valve for him and his dictatorship.

We must not allow Castro to obtain this relief, and thus prolong the suffering of the Cuban people. Part of the reason we are here today is to talk about how to best promote democracy in Cuba. First, this means figuring out how to remove Fidel Castro and his dictatorship from the scene.

Nothing illustrates more graphically the sheer evil of the Castro dictatorship than the sight of so many decent, hard-working, patient, dignified Cuban citizens forced to live in Guantanamo. Many are doctors, lawyers, and other professionals forced into these difficult circumstances through no fault of their own.

Our military in Guantanamo are, according to what I saw, performing admirably under very difficult circumstances. However, conditions for the displaced Cubans are very difficult despite the best efforts of our American troops.

Guantanamo is not a long-term solution, although we were told that they were building facilities that would house them for as long as 5 to 10 years. That is unthinkable in my opinion.

Furthermore, it is costing the U.S. taxpayers \$1 million a day to maintain these camps. Cuban-American groups such as the Cuban-American National Foundation are organizing efforts to ensure that the migrants have jobs, housing, and private schooling for their children.



Under these circumstances, would it not be more humane and more cost effective to allow these people to come to the United States?

I think that we ought to study this option. I want to emphasize that this situation is not analogous to that of the illegal aliens that are flooding across our borders from other areas.

These are people who would not be a drag on the U.S. public resources and the taxpayers of this country. On the contrary, the likelihood is that they will be productive taxpayers very quickly.

I heard, for example, about one young man who 1 month ago was stuck in Guantanamo. Now, after being allowed to come to America, he is happily and productively working at a restaurant in Miami. Our hearing today will explore the wider issue of policy toward Cuba, but let us keep foremost in our mind that our first priority must be to consider the implications of American policy on human lives—Cuban and American lives. That humanitarian impulse, ladies and gentlemen, is nothing less than the American way.

And with that, I will be happy to yield to my colleague and the ranking member, Mr. Torricelli.

Mr. TORRICELLI. Thank you, Mr. Chairman, very much.

This subcommittee has a long and proud tradition. It is a committee that has not simply confirmed United States foreign policy; but with regard to Cuba specifically and Latin America generally, it made United States Government policy.

I am very pleased, Mr. Chairman, given your enthusiasm, and ability, and your stated intentions, that you intend to follow that tradition.

Indeed, if there is any committee in this Congress that approaches its responsibilities on not only a bipartisan basis, but without philosophical differences in common and determined purpose, it is the Western Hemisphere Subcommittee of the International Relations Committee.

I am, therefore, very proud that you called this hearing today, only 2 weeks after together we have introduced new legislation, which is the next logical step in the Cuban Democracy Act, continuing the tighten the embargo against Fidel Castro's dictatorship.

Our policy from the outset, Mr. Chairman, has been clear. We have stated to everyone that we will go anywhere and do anything for whatever is required to assure that freedom is returned to the Cuban people.

I know that when the Cuban Democracy Act was passed that Fidel Castro thought that he had survived the worst. Then we went to the Russians to talk to them about their subsidized oil. Castro adjusted. And then we went to the Venezuelans to talk about their oil credit. Then he went for Mexican investment. And then we dealt with the question of Mexican subsidized assistance.

We have proven by our deeds that no matter how hard Castro works, no matter what price he is willing to have the Cuban people pay in the loss of their freedom, we will work just as hard, and we will do just as much. And we will never, never stop fighting to ensure that this dictatorship is brought to an end.

I look forward therefore, Mr. Chairman, to working with you under your leadership. The new legislation that we have drafted

can and should become the law of the U.S. Government. We give those who would profit by the blood of the Cuban people a simple choice. To our friends in Spain, and in Canada, and Mexico, they can come to their own determination. They can invest in the faltering economy of Cuba, or they can continue to have access to the United States of America. They will not have both.

We welcome investment and travel by people from throughout the world. But our circumstances in this country are not such that we need to invite and encourage people to visit our country, who would seek to make a living for themselves by profiting on the misery of those that are held in bondage in Cuba.

That is a central element of the new legislation that we have introduced, but it is not the end. To those who would be listening to us in Havana, trying to come to their own determination about whether to remain with the Castro dictatorship or strike out and create a new government, listen to us very carefully. This is not the end. This is not as bad as it can get. And we have not begun to tire.

Those in positions of responsibility in the Cuban Government need to come to their own decisions, and stand up for their country and for its freedom. We are here to help, and we are here to do whatever is required. But ultimately, this much must be clear by the actions of this committee and the new legislation that we have introduced. And that is simply that as we see Castro adjust, we shall also adjust the laws of this country.

Mr. Chairman, I am also particularly pleased that in addition to the members of this subcommittee, that we have brought before us today people who are architects of our policy, and who helped in enormous ways with the Cuban Democracy Act.

Together with the members of this committee, no one has fought more in this Congress than Lincoln Diaz-Balart. He is a friend, and he is a great leader. His service has been invaluable. And of course, Jorge Mas-Canosa, without whom many would have consigned Cuba to permanent economic and political slavery a long time ago. He brought this issue to many of us in the Congress. He is the reason that we have come so far. And ultimately, he is the principal reason as to why we shall succeed to restoring freedom to the Cuban people.

I think you, Mr. Chairman, for yielding me the time, and for holding this hearing, and for helping us again with new legislation.

Mr. BURTON. Thank you, Mr. Torricelli. I would like to say once again, and I do not want to sound like a broken record, but Mr. Torricelli deserves so many accolades for all of the hard work that he has put in, during previous years as chairman of this subcommittee. If every subcommittee or committee in the House had the working relationship that Mr. Torricelli and I have, I think that this place would function a lot better. I thank him once again for his tireless efforts.

With that, I would like to yield to my dear colleague, Ms. Ros-Lehtinen.

Ms. ROS-LEHTINEN. Thank you so much, Mr. Chairman.

First of all, welcome to Radio and TV Marti. I know that they are broadcasting them to the enslaved people of Cuba. So we welcome them. Bien venidos y muchas gracias a Radio y TV Marti.

I would like to echo your comments, Mr. Chairman, about the strong disapproval about the news that the administration is not participating in this hearing. However, I am optimistic that they are using this time to write their positive position paper on the Helms-Burton bill, and that during these hours they are taking the time to formulate their administration strategy in trying to have a safe and prompt passage of H.R. 927. I am sure that that is where they are right now.

Mr. Chairman, tomorrow, as many of us know, February 24, is a great celebration. We celebrate the 100th anniversary of Cuba's war of independence known popularly as *el grito da Ballei*. And on that day, February 24, 1895, the Cuban people across the nation called for independence and freedom from their Spanish colonist tyrants. And this battle for freedom, as all of us know, lasted until finally the realization of independence in the year 1902.

Well, those same calls for freedom are still being heard, whether from the thousands of Cubans who rebelled in the streets of Havana this summer, or from those who are detained in the camps of Guantanamo. Let us answer those calls for freedom by not letting up on Castro now that his end is near.

And Mr. Chairman, I hope that this subcommittee under your very able leadership will ask if not subpoena United States executives who are flaunting United States laws, and are courting Castro, and have them come before this subcommittee to answer questions about their participation in Cuba's economy.

The Time magazine article of February 20 said, and I quote,

Eager to help pave the way, a handful of savvy consultants from New York City, Washington, and Miami jet in monthly to maintain relations with Cuban officials for American companies shy of openly violating U.S. laws. Other firms simply take the risk themselves. Executives from such companies such as Hyatt, Marriott, Merck, and Eli Lilly have been seen around Havana. One Western diplomat in Cuba laughs at the increasingly flagrant violations.

I know, Mr. Chairman, that none of us on this subcommittee are laughing. None of us are laughing at the suffering of the Cuban people. And I hope, Mr. Chairman, and I will give you this copy that I know that you have, that our subcommittee will make a very strong statement to those executives of American companies asking them point blank what their participation has been, and if they have been in fact violating the law.

But certainly, this hearing today, Mr. Chairman, is a very timely one, given the controversial issue of United States policy towards Cuba. We continue to rightly maintain the U.S. economic embargo against the Castro regime, an embargo which we must strengthen. And we will soon have the opportunity to do so under the recently introduced legislation, which Lincoln and I call the Helms-Burton bill, that is the right way to pronounce your name in Miami, the Cuban Liberty and Democratic Solidarity Act.

This policy is in response to the reality that Castro has not changed his tyrannical ways in the 36 years that he has been in power. In today's Cuba, no freedom exists. Just as Castro took over 36 years ago, as instituted by his state policy, he continues to export violent revolution abroad, as the recent press reports uncovering Castro's connection to the Mexican Zapatista leader, Marcos, fully reveals.

The Cuban dictator continues to run a command-controlled economy with the Cuban citizens having no economic freedom, and where private property is prohibited, and hundreds of Cuban citizens still dwell in prisons for daring to speak out against the regime.

And even though communism has been slowly discredited and mostly vanished from the world, Castro continues to hold on to his failed Marxist philosophy, as he himself declared in that recent interview.

Given these facts, Mr. Chairman, and the reality that Castro is slowly losing grip on power, now is the time to increase pressures on his regime. The embargo has been working effectively since it was strengthened through the Torricelli bill in 1992, after decades of allowing it to erode almost completely.

The embargo has strangled Castro and has denied him many resources, which he desperately needs to maintain himself in power. Unfortunately, yet willingly, many foreign investors are now bailing out Castro without regard to his total disregard for human rights, and for the political rights for the people of Cuba. Thus, the need to further strengthen the embargo through the Helms-Burton bill, which addresses this phenomenon.

However, our Cuba policy became incoherent this summer when we began to punish those Cuban rafters who looked toward the United States as their last beacon of hope. Instead of opening our arms to these desperate souls, the administration preferred to detain them at camps in Guantanamo and formerly in Panama.

Thus, our three-decade-old commitment to receive and help those, like myself who escaped the repression of Castro, was indiscriminately broken.

Mr. Chairman, as you correctly pointed out in your opening statement, many members of this subcommittee just returned from Guantanamo, and saw the quality of the people detained there, many of them professionals, some young and some old, but all of them dreaming of living in freedom, and democracy, and beginning a new life of opportunity in the United States.

Unfortunately, the administration's policy of detainment has turned to ashes the dreams and the aspirations of these rafters to live in freedom. This policy makes no sense, and I believe it cannot hold. How long can the administration detain thousands of Cuban nationals who have committed no crime. How long will we continue to punish the victims. The 20,000, 30,000, or even 40,000 visas are not the answers. The answer is to rid Cuba of Castro. As one rafter put it to us, we do not need 20,000 visas. We only need one for Fidel, and one for Raoul.

United States policy toward Cuba stands today at a crossroads, and the choices at that crossroads are clear. Will the United States throw Castro a life preserver at a time when he is drowning by following a policy of reconciliation and dialog, or will we continue on the path that we reignited in 1992 of placing strong economic and political pressures on the regime, and which has led it to its weakest point in history.

I do not doubt in the least that under your able leadership, Mr. Chairman, that we will take that correct path once again. Thank you.

Mr. BURTON. I thank the gentle lady for her comments. I can assure you that if this committee has anything to do with it, we will not throw Mr. Castro a life raft. We will throw him an anchor.

Let me also say in reference to your comments about the Time magazine article, we will contact any company that we believe may be doing business with Cuba in violation of the embargo, and ask them to explain their actions. If we need to, we will call them before the committee. If we need to, we will see about subpoenaing them.

We have many cosponsors on our bill. If there are any others who would like to cosponsor, we are going to be pushing very hard for as many as we can get in the next week or so. If any of my colleagues have not yet become cosponsors, I hope they will. I urge my committee colleagues to try to get additional cosponsors as well.

The next person to testify is Mr. Lantos.

Mr. LANTOS. Thank you, Mr. Chairman. I just want to make a few observations. The first one, of course, is that any hearing on Cuba, as long as the Castro regime is in power, is a hearing on human rights. And unfortunately, we learned the painful lesson this past year with respect to China that looking away from the issue of human rights and proceeding with business as usual, as some of us predicted, results in a further deterioration of human rights conditions.

What has been going on in China is appalling, and I think that it has great relevance for Cuba. If you read the morning paper, you find that our Embassy in Beijing is now putting in a plea for the United States to abandon almost completely the subject of human rights in its dealings with China.

We have paid a heavy price in respect by the international community, as we abandon the principle of human rights in our dealings with China. There is not much danger that the same mistake will be made with respect to Cuba. Because the economic interests pushing for normalization of relations with Cuba are not nearly as powerful as the ones that resulted in the change of United States policy toward China.

I am one of a handful of members, and I do not know if there were any others, who visited Cuba this past year. And while I have personal experience in human rights violations across the globe, I have rarely seen a society as devoid of spirit, as devoid of openness, and freedom, and liberty as the crumbling and decaying dictatorship of Fidel Castro.

It would be the ultimate of absurdity to relax our trade restrictions with respect to Cuba. This regime is on its last leg. The Cuban people, God only knows, deserve better. They will not get better, as long as Castro remains in power. And the United States has an opportunity in its dealings with Cuba to be true to its own enunciated principle of placing human rights very high in the range of issues that determine our foreign policy vis-a-vis a country.

I wish that a similar set of priorities could exist with respect to China. But those who could not care less about human rights conditions in China have prevailed and have carried the day. I think that we have enough power in the Congress and across the political spectrum to prevent the same thing happening vis-a-vis Cuba.

We are determined to see to it that the people of Cuba regain their human rights, regain their right of self-determination, and join their rightful place as members of a democratic and open society here in the hemisphere. But not with the present regime, not with the suppression, the brutality, the cruelty, the torture, the incarceration, the lack of political freedom, and press freedom that permeates that island, so deserving of a better future.

It is indeed true, Mr. Chairman, that when we work on a bipartisan basis, predicated on principle and not political expediency, that we can be proud of the work of the Congress. I think that at the end of this session that we will be proud of the work of this subcommittee.

Thank you, Mr. Chairman.

Mr. BURTON. Thank you, Mr. Lantos. I failed to mention that you have been a tireless fighter for human rights as chairman of the Human Rights Committee Caucus in years past. We appreciate your efforts.

I believe that my colleagues on the Republican side do not have an opening statement. Representative Menendez?

Mr. MENENDEZ. Mr. Chairman, me permeta un palabra para cour a que sufre y para me hermanos se que sequentran on Guantamo.

Mr. Chairman, I want to do that as I cannot do it under Mr. King's legislation anymore. So English only. But since we do have Radio and Television Marti, I think that it is rather important.

Mr. Chairman, I want to commend you. I rarely make opening statements. But on the question of Cuba and one or two other areas, I have great interest. I want to commend you for holding this hearing on U.S. policy toward the Castro dictatorship. And I want to commend you for your principled commitment to democracy and human rights throughout the world. And in the wake of the historic summit of the Americas, that commitment will ensure that this committee is well led.

On this first hearing on U.S. policy toward the Castro dictatorship of this Congress, I would like to underscore two basic points. First, Cuba under Castro is inherently and increasingly unstable. I hope that our National Security Council and the State Department recognize this important fact.

Every day Castro requires more repression and more human rights violations to remain in power. And the fact of the matter is that Mr. Lantos' trip and his eloquent statement are part of the testimony of that reality. Every day Fidel Castro, and not United States policy as some would have it, makes the situation inside Cuba more unstable.

It is in the United States national interest to pursue stability in Cuba. But it is most definitely not in our national interest that Castro remain in power.

Second, the 104th Congress recognizes a simple fact, which by now should be evident even to Castro's most stalwart apologists. Fidel Castro is bent on closing the century of the historic affirmation of the right to self-determination with the bitter despotism of one man rule.

Thirty-six years after he seized power and 5 years after the fall of the Berlin Wall, Castro has moved only to further aggravate

Cuba's acute economic crisis, and to close shut any political space. Thirty-six years is a long time. Yet after all of that time, Castro's Cuba remains in the cold war deep freeze, and a thaw is not near-  
ing.

The brutal Castro brothers have chosen not to reform their tyrannical rule. And I saw brutal, because we had a hearing, one of your first hearings, Mr. Chairman, before this very committee on the sinking of the Tugboat *13th of March* for which 40 men, women, and children drowned at sea innocently.

Instead they have chosen to sustain their own power rather than provide sustenance to the Cuba people. They have chosen political repression and economic deprivation over basic human freedom and economic opportunity.

Nearly 2 years ago, I suggested that we develop a proactive policy toward the Cuban people, that we prepare today for a change in Cuba tomorrow. I believe then, as I believe now, that we must combine our principled and firm opposition to Cuba's oppressors with a beacon of light for the Cuban people.

We must say clearly to the Cuban people that we are in solidarity with you, but not with those who oppose you and deny your basic rights. Let us help and work to remove the impediment to our relations, and we will assist in making the reality of the dream of a free and independent Cuba become that reality.

With strong bipartisan support, I introduced a Free and Independent Cuba Assistance Act, which offers broad United States and international support first to a transition government and later to a democratic elected government. And it goes on. Members of the committee know what the bill does. I will not take a lot of time.

But certainly, what it does is as soon as the President certifies that there is a transition government in Cuba, the United States would be ready to provide emergency relief, humanitarian assistance, military adjustment assistance, electoral private sector development, and other types of assistance necessary to move Cuba from a Communist dictatorship and a command economy toward democracy and a market economy. And we go on to state other aspects of the bill.

We have introduced that as H.R. 11. But we are happy to see, Mr. Chairman, that both you and Senator Helms have included that in the legislation, which you referred to earlier, as title II of the Cuban Liberty and Democratic Solidarity Act, which I have been glad to cosponsor.

And despite utterances, such as recently found in Time magazine, that Cuba is open for business, we find that in reality that Cuba is not open not for business, but for exploitation. Cuba is not open for business for the Cuban people, but only for foreigners in terms that we would not allow here in the United States.

There is no serious tendency toward genuine economic or political reform in Cuba, a process which ultimately must involve a fundamental transformation of the current system. And those are not my views, but as someone in the Congress of Cuban descent listened to the former Socialist finance minister of Spain, Mr. Shoulchaga, in his review of the Cuban economy, and hear that even if we were to list our embargo tomorrow that nothing would dramatically change because there is no economic change.

And finally, Mr. Chairman, there is nothing romantic about the Cuban revolution. And we ask the international community and our own media to acknowledge this. We ask them to demonstrate the same commitment this year toward freedom in Cuba that they showed last year toward freedom in Haiti. We ask that they join us in making the commercial embargo on the Cuban dictatorship, that Mr. Diaz-Balart has called for so many times, and which we have joined in, a coordinated effort among the world's democracies.

And lastly, to the business community, our message is clear. The highest yields await you in a post-Castro Cuba. The greatest risks exist in Castro's Cuba today.

Mr. Chairman, I look forward to hearing all of the witnesses on our first distinguished panel, and look forward to working with you in realizing what you have said is this committee's No. 1 goal, a free and independent Cuba.

Mr. BURTON. Thank you, Mr. Menendez.

We will hear from our good colleague and friend, Lincoln Diaz-Balart. Then, if it is all right with everybody else, we will recess, go vote, and come right back, and then we will start with the panels. Mr. Diaz-Balart.

#### **STATEMENT OF HON. LINCOLN DIAZ-BALART, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA**

Mr. DIAZ-BALART. Thank you, Mr. Chairman. And I think Mr. Torricelli for his kind words, as well as all of the members of this important subcommittee for their leadership on this critical issue.

Mr. Chairman, I carry in my pocket the notes that I took when you, and I, and Congresswoman Ros-Lehtinen, Congressman Menendez, Congressman Sanford, and Mr. Fraser had the opportunity to speak with the elected leaders of the various Cuban refugee camps in Guantanamo last week.

I will never forget meeting them, nor will I forget what they told us. As you will recall, they pointed out their difficulties, and of course their unanimous request that they be able to be reunited with their families in the United States as productive, hard working, taxpaying members of this great Nation.

I know that you agree with me that it is time that all of the refugees in Guantanamo be able come to the United States to contribute to this great land, and to help enrich it with their honest labor.

I also know that you agree with me, Mr. Chairman, that we have an obligation to tell our colleagues and the American people, as well as the international community, precisely what the elected leaders of the Cubans who are detained in Guantanamo think about the tragedy of their country, and what they told us that they think we should be doing about it.

First, they told us to maintain the U.S. embargo and strengthen it, like we are going to do. The fundamental reason that Castro has been able to remain in power is because of the assistance and the cooperation that he has received from other nations and their investors. And the bill, that you have introduced in the House of Representatives and within which you so graciously allowed me to include a number of bills in a concurrent resolution that I had filed, will strengthen the embargo, and directly attack the investments in corroboration with Castro that some substantial capitalists in



the international community are making in Communist Cuba today.

Second, as the elected leadership in Guantanamo told us, we, the United States of America, have got to find a way to help the dissident movements within Cuba throughout the island. And third, we must find a way to help the people of Cuba confront the repressive apparatus of the dictatorship.

As you recall, the elected leaders told us what all of the people of Cuba know that Castro's violent repressive apparatus acts with impunity. They must not be able to continue to act with impunity, like they did on August 5 of last year in Havana. And we must find a way to help the people of Cuba confront the repressive apparatus.

I am grateful, Mr. Chairman, for the opportunity to be able to participate in this hearing, which is simply one of many that I know that you plan to hold to raise the consciousness of our colleagues and the American people, as well as the international community about the need to help the Cuban people free themselves from the yoke of oppression that has lasted 36 years, unfortunately to a great extent because of the unacceptable and the unethical lack of solidarity of much of the international community with the Cuban people, and because of the cooperation and even the corroboration of part of that international community with the Cuban tyrant.

I commend you and the members of this committee for your leadership, and I look forward to our continued work together.

Mr. BURTON. Thank you, Representative Diaz-Balart.

The Chair announces that we will stand in recess for about 5 to 10 minutes while we vote, and then we will reconvene.

[Recess.]

Mr. BURTON. Would you take your seats, please, so we can reconvene the hearing.

Is Mr. Mas in the room? Fidel Castro has not kidnapped Jorge Mas, has he? There he is.

We were a little concerned, Mr. Mas, that maybe you had met with some ill fate at the hands of one of Castro's agents or something. We are glad that you are back in one piece.

Congressman Chris Smith wanted to be with us, but he has another hearing going on at the same time. So for those of you who wonder where he is, he is doing his duty in another committee at the present time.

I want to welcome our first panel. Constantine Menges is one of the most imminent scholars of our time in the area of Latin American studies and democracy. We welcome him here today, and we are glad that he could make it.

Jorge Mas Canosa, a Cuban-American patriot, and a tireless fighter for democracy and freedom in Cuba, who is president of the Cuban American National Foundation.

And with that, I think that we will start with Mr. Constantine Menges. Then we will get to you, Mr. Mas.

**STATEMENT OF DR. CONSTANTINE MENGES, RESEARCH  
PROFESSOR, GEORGE WASHINGTON UNIVERSITY**

Mr. MENGES. Thank you, Mr. Chairman. It is a pleasure to be with you, and with the committee, and testify this afternoon.

I am here to discuss a strategy for a peaceful transition to democracy in Cuba. I thought that the statements that you made and your fellow Congressmen made were extraordinarily eloquent. And perhaps I would like to begin with a comment that we have many immigrants in this room who are grateful for the freedom that the United States has given to so many people over the centuries. And I am one of them, my parents having fled the Nazi dictatorship in Germany, and having come here as a 4-year-old boy on a ship with other children who were admitted to the United States.

Jorge Mas, who is another immigrant who fled another dictatorship, I might say is an individual who in 1980 gave me a concept paper for Radio Marti. The idea of broadcasting the truth to the people of Cuba was his idea and his concept. And I was pleased as an advisor to then Candidate Reagan, when he was elected President, then to be able to move the idea into the Reagan administration, and to see the reality of Radio Marti, and its successor TV Marti here. It is an honor to testify with Jorge Mas, and to testify before you.

We know that the regime in Cuba represents a regime of repression, poverty, militarization, and aggression. I thought that the statement of Congresswoman Ros-Lehtinen was extremely important. That an example of the aggression, which we see today, which I believe is very dramatic, Mr. Chairman, and on another occasion I hope to be able to talk with you and members of Congress about it, is Castro's role now as we sit here, in my judgment and it is my hypothesis, his role in the effort to help the far left use the economic and political crisis of Mexico to bring a hostile antiregime to power there.

I believe that Castro has been involved for many years in the attempt to undermine the institutions of Mexico, and help the far left within Mexico. And I believe that it is an example of the continuing danger he poses to the people of this hemisphere and to the national security interests of the United States.

Let me turn, if I may, to the strategy for a peaceful transition to a democracy in Cuba. As you know, there were few who expected that in 1989 that Communist regimes in Europe could unravel. You also know, Mr. Chairman, that it was because of the example of the success of freedom in the United States and the other democratic countries of the world, because of the military strength of the United States and our ability to deter aggression and maintain our freedom, and because of the efforts of the men and women of those countries who sought democracy and freedom that ultimately the regimes, the Communist regimes, came to unravel.

I believe that if we now set our goal on helping to design a strategy and plan to help the people of Cuba liberate themselves, that they in fact will be able to do so. And I would like to suggest a 10-part strategy. And I will briefly summarize the 10 steps to this strategy.

First, a strategy of information to tell the truth about the Castro regime in the world, and to the people of Cuba. That means to continue the work of Radio Marti and TV Marti, and have the Voice of America do this on a regular basis, and to have all of us do this as we move forward in the coming months and years.

Second, to continue the isolation of the regime. And in that sense, I endorse completely the Helms-Burton bill, and the very positive ideas that you have come forward with. To continue and deepen the isolation of the regime; political, military, and economic isolation of the Castro dictatorship.

Third, I believe it is essential to help and encourage the prodemocratic groups within Cuba. Over the years, the United States has worked effectively and successfully in proper ways to help prodemocratic dissidents in dictatorships. And the example of Solidarity in Poland comes to mind, the 10 years of support that preceded the sudden unraveling of the Polish regime. There is much that can be done, much more can be done.

I agree completely with Congressman Diaz-Balart's call to do that. And I think that you, Mr. Chairman, can be very important in seeing that the executive branch takes this seriously.

Fourth, as a step, is in my view all of the prodemocratic Cuban exile groups in the United States, Spain, and Latin America should convene annually to consider in a forum of 1, 2, or 3 days—and by the way, my university, George Washington University, would be pleased to be the site of such an effort—should convene to discuss governance issues of a free Cuba; social policy, economic policy, foreign policy, and also the way of dealing with the former Communist regime.

There should be majority views, minority views, and a discussion process that happens with civility, with tolerance, with the exercise of freedom of speech, so that it itself becomes an example of free Cubans discussing, debating, and disagreeing about their future, but doing so in an agreeable way. And that ultimately, it becomes a parliament in exile.

The fifth step. That the democratic exiles of Cuba working in ways that are appropriate with the internal prodemocratic opposition establish a transitional regime in exile of a free Cuba, a transitional free Cuba regime in exile.

Sixth, I believe that it is also very important to be explicit about how the former Communist regime should be dealt with. In my judgment, amnesty for all, including Castro, the Castro brothers, should be given, as the price of a peaceful transition. In other words, no retributive justice, and that is the price for a peaceful transition.

And I think that the offer of amnesty should be made to all those Communist elements of the apparatus, who are willing peacefully to leave their functions, and let there be a transitional political process of succession.

The seventh point is that I think that there should be an international effort, a strong and consistent international effort, to give legitimacy to the free Government of Cuba in exile, to invite it as an observer at the United Nations to provide it with an opportunity to speak to the citizens and governments of the world.

Next I think there should be a withdrawal of diplomatic recognition from the Castro regime and dictatorship by the United States, and a significant group of countries that agree with that.

Next there should be the conferring of diplomatic recognition on the free government of Cuban in exile. And finally, the Organiza-

tion of American States taking the lead, and ultimately the United Nations, should recognize the free Government of Cuba in exile.

Now these steps, the strategy I think has a beginning, a middle, and an end. And the end point would be an opportunity then for the Cuban people to vote the transitional government, and then leading to a process in which the Cuban people vote freely on competing political parties for their future.

I believe that with such a strategy in mind and with consistent support by the United States and the other leading democracies of this hemisphere and of the world, I believe that the people of Cuba would be able to liberate themselves.

I would be happy to answer any further questions.

[The statement of Mr. Menges appears in the appendix.]

Mr. BURTON. We will ask you some questions in just a moment, Mr. Menges.

You made some comments briefly about Mexico and Castro's direct or indirect support of rebel forces there or things to destabilize that government. If you have any information about that, I, my staff, and the committee would like to see it. After we review that, we may hold a hearing on Castro's involvement in those nefarious activities.

Could you get those to us, so that we could look at them, please?

Mr. MENGES. Certainly, Mr. Chairman.

Mr. BURTON. And with that, I will recognize my good friend, Jorge Mas.

#### **STATEMENT OF JORGE MAS CANOSA, CHAIRMAN, CUBAN AMERICAN NATIONAL FOUNDATION**

Mr. MAS. Thank you, Mr. Chairman.

Mr. Chairman and distinguished members of this subcommittee, I would like to thank you for the opportunity to appear before you today to talk about Cuba and United States policy toward that enslaved island. It is indeed a great honor for me to be here with such distinguished company, such as Constantine Menges and Jorge Mas, the original founder of the Cuban American National Foundation.

Before I begin, however, I would like to especially congratulate you, Mr. Chairman, for you assuming the chairmanship of this subcommittee, one that has become so critical and important, largely through the effort of your predecessor, Mr. Robert Torricelli, for the cause of freedom and democracy for the Cuban people.

If the democratic process of our great country calls for a change in the leadership of this Congress, then the Cuban-American community could not have expected a dearer friend or someone more devoted to securing Cuba's freedom to assume the chairmanship of this subcommittee than you, Mr. Chairman.

I truly believe that. And I also believe without doubt that Fidel Castro is going to soon find out that he is no match for the combined leadership of you, Mr. Chairman, and the ranking member of this subcommittee, Mr. Torricelli, as we pursue our long sought goal of returning freedom and democracy to our beloved homeland.

It is very difficult to convey the deprivation and the destitution that Fidel Castro has imprinted on that island. It is now clear to all but the most devoted sycophants that Fidel Castro's obsession

with absolute power precludes him from ever introducing the fundamental economic and political reforms that the Cuban people cry out for.

So let us please once and for all dispense all of this nonsense about "reform" in Cuba, "moving toward free markets," "mixed economies," and "Cuba: Open for business."

In fact, this myth helped along by the national media including Time magazine and USA Today, that somehow Cuba is open for business, and that United States corporations are allegedly being left out, is nothing but a thinly disguised attempt to recruit United States corporations by Castro himself and many of his friends here in this country, to actually lobby against our great embargo of Cuba, hoping that they can replicate the process whereby the embargo of Vietnam was lifted.

What I would like to know is what is so attractive economically about an island ruled by a totalitarian despot who maintains the authority to seize property at will, where there exists no property rights for the average citizens, where that citizen earns the average of \$5 a month, where no Cuban is allowed to own or organize any private economic organizations?

I will tell you that what makes Cuba so attractive to those international profiteers, who have invested in Cuba and conducted business as usual with its dictator, is forced and enslaved labor. No independent labor unions, no right to strike, a regime that can make you any offer no matter how desperate, because it has no accountability to his people. No pollution standards, no work protection standards. The local population will not be a nuisance, because they have no civil rights, no legal rights, no rights whatsoever. Their interest can be summed up in one word, Mr. Chairman, "exploitation."

It is really ironic, Mr. Chairman, to see how all of these activists and public personalities who have built careers denouncing capitalist exploitation of the so-called developing world have been so definitely silent on what is going on in Cuba.

I would like to introduce for the record just this one newspaper article that pretty well sums up what is going on there. It originally appeared in the London Observer, and the title says it all. "Cuba: A Paradise, but not for Cubans; Communist island lures dollar bearing tourists to hotels off limits to local residents; vacationers find trips to sandy beaches are cheap, amenities expensive, except for sex."

It goes on to label Cuba the "Bangkok of the Caribbean" for its promotion of sex and virgin Cuban women willing to spend a night with a tourist in order to buy the next day's meal.

Where is the outrage, Mr. Chairman? Canadians raping the island of its mineral resources and polluting its delicate environment. Spaniards embracing tourism apartheid, while tourists, when they are not defiling Cuban women, are ferried about in Japanese cars denied the Cuban people, who are sold bicycles by the dictator. And Mexicans are also shipping their pollution-laden oil-refining business to Cuba. And every single one of them profiting off the poor, defenseless Cuban citizen.

Well, the outrage is right here, Mr. Chairman. Cubans on the island might be powerless to oppose these deals, but free Cubans are

not. We are committed to doing all in our power to disrupt this profiteering on the misery of the Cuban people.

I would like to submit for the record what we call Cuba's Hall of Shame, a list of companies from Canada to the United Kingdom, to Latin America, who are investing in Cuba and conducting business as usual with the Cuban tyrants.

These are blood deals, Mr. Chairman. These contracts are ink in the blood of every Cuban man, woman, and child, who has died at the hands of these despotic regimes since 1959. They are contemptuous of the pain and sacrifice endured by 11 million Cubans, both on the island and in exile.

And I will promise to you today, Mr. Chairman, that as long as I live and as long as the Cuban American National Foundation exists, we will work to see and to ensure that when the dawn of democracy finally arrives in Cuba, each one of these deals will be rendered null and void by a new democratic Cuban leadership. And those profiteers will be run out of town one step behind the torturers and executioners of the Cuban people.

That is my promise. And I encourage the U.S. Congress, Mr. Chairman, to join us in our effort to expose and punish any company with the blood of the Cuban people on its hands.

Lastly, Mr. Chairman, I want to briefly respond to a current argument being made by some that United States trade and travel will succeed where the alleged current United States policy has failed in restoring freedom and democracy to Cuba with the so-called flooding the island with goods and people.

I say has that approach ever succeeded in undermining a dictatorship? Give me one specific example. In fact, let us look at what is happening in China, as Congressman Tom Lantos so eloquently expressed.

Let us look at what is happening in China. In the State Department's just released human rights report, it shows that the human rights situation in China has not improved since the Communists received most-favored-nation status. In fact, it has gotten worse. The Chinese Government continues to abuse and jail dissidents, brutally suppresses and uses labor to produce goods for goods for exports, and have been of absolutely no help in our efforts to deal with the North Korea problem.

And the only time that the U.S. Government has stood up to Beijing is only when they pirate U.S. CD's and video tapes.

I am sorry, Mr. Chairman, that is my vision for a future Cuba. If the United States does not consider the human rights of the Cuban people important enough to stand up for, but will stand up for the commercial rights of U.S. entertainment industry.

In conclusion, Mr. Chairman, I would like to thank you for convening this hearing. I would also like to thank you and your predecessor, Mr. Torricelli, for your leadership, and for providing those forums that have given a voice to the voiceless, the people of Cuba, that has given them a measure of respect and dignity that has been denied them by Fidel Castro for more than three decades.

Your contributions to a free and democratic Cuba are known to them through Radio Marti and TV Marti, and the radio station of the Cuban American National Foundation. And I have no doubt

that it will be known to the children and to the generations of Cuban who will surely be leaving as free men and women.

Thank you very much, Mr. Chairman.

[The statement of Jorge Mas Canosa appears in the appendix.]

Mr. BURTON. Thank you, Mr. Mas.

You have a list there of companies that are continuing to do business with Cuba?

Mr. MAS. Yes, Mr. Chairman.

Mr. BURTON. Are many of those American companies?

Mr. MAS. No, sir, they are not.

Mr. BURTON. Could we get a copy of that list? And if you and your foundation has any other information about American companies or otherwise that are doing business with Cuba, we would like to have those. If they are not American companies, we can at least write them a letter and tell them of our concern.

If they are American companies, we can tell them that they are in violation of the embargo and put some heat on them, like the companies that Representative Ros-Lehtinen mentioned a moment ago. Any information you can give us along those lines, we would appreciate.

[The list of foreign companies doing business in Cuba appears in the appendix.]

Mr. BURTON. I have a few questions that I would like to ask before I yield to my colleagues. Two days ago, President Clinton signed an agreement with the Mexican Government regarding a bailout to save the peso and the Mexican economy, even though the Congress of the United States chose not to do that.

One of the concerns that I have and continue to have is that the Mexico Government and Mexican entrepreneurs have been purchasing confiscated United States property in Cuba, investing there, giving Castro hard currency with which to keep his regime in power.

Could either of you comment on that, and to the extent that it is taking place, and maybe give us some examples?

Mr. MAS. Yes, Mr. Chairman. Around 6 months before NAFTA was approved by the United States Congress, I visited with President Salinas Equatares in Mexico; and a delegation of Cuban-Americans including the former Ambassador, Jorges Osano; Diego Suarez; and Alfonso Vanhor from the State of Florida.

President Salinas told us at that time that Mexico was not doing business with Cuba. That if NAFTA was approved and passed by the United States Congress that Mexico would move away from Cuba, that there would be no Mexican investment in Cuba, that there would be no selling of Mexican subsidized goods to the Cuban Government. And that there would be no swap for equity with Cuba, and that there would be no guarantees for the Mexican Government to private investment in Mexico.

And a few months after NAFTA was approved, President Salinas Equatares did completely the opposite. He went to Cuba, and he signed a couple of deals with the Castro government. The first deal was to get Pemex, the oil giant company, Mexican company, owned by the Mexican Government, to joint venture with Castro with the oil refinery of Cienfuegos, which is just a recently built oil refinery by the Soviets in Cuba which is idle, because they do not have oil

to refine. And the refining capacity of the Cuban Government is in excess of the domestic demand of the Cuban people.

And Salinas Equatares signed a deal on behalf of the Mexican Government to joint venture that giant governmental-owned oil company, Pemex, with the oil refinery in Cienfuegos.

There was another deal, which included a former U.S. corporation that was illegally confiscated by the Castro government with no compensation whatsoever to the former U.S. owner. And that is the former telephone company in Cuba owned by IT&T, which was illegally, I repeat, confiscated by the Castro government with no compensation whatsoever.

Together with President Salinas, there was a group of Mexican investors headed by the Gases family out of Monterey, who owned the cellular telephone system in Monterey together with Southwestern Bell in the United States. And the Domos family signed a deal with the Cuban Government to purchase that telephone company, 49 percent of the telephone company in Cuba, for \$1.5 billion to the Castro government.

The Central Bank of Mexico, the Banco of Mexico, owned by the Mexican Government provided a \$10 million cash payment to the Cuban Government.

And those are two specific instances where I know that the Mexican Government is supporting investment in Cuba, and guaranteeing that investment in Cuba. Our concern is that now with this \$20 billion to the Mexican Government that Castro in some way and somehow is going to get it recycled indirectly from the Mexican Government.

Mr. BURTON. Is there any tie between the pressure that has been brought on Mexico to sever relations and what Castro is doing now to keep the pressure internally on Mexico, so that they do not cut Castro adrift?

But before you answer that question, you said Southwestern Bell was a partner with a Mexican telephone company that purchased a phone company in Cuba?

Mr. MAS. Southwestern Bell is a partner of the Domos group in Mexico. They have an investment together with the Gases family and the Domos group in the telephone industry in Mexico and specifically in Monterey. I do not think that Southwestern Bell is involved at all in the Cuban deal. But still they are partners of this group of Mexicans who went to Cuba to purchase the telephone company.

Mr. BURTON. I might make an inquiry of Southwestern Bell to see if any American resources are being directly or indirectly funneled to Castro in this purchase. And we will at least make that inquiry.

Mr. Menges, do you want to comment?

Mr. MENGES. Mr. Chairman, I think that the pattern of events in 1994 suggests—

Mr. BURTON. Could you pull the mike a little closer. Your voice is not carrying very well.

Mr. MENGES. The pattern of events in 1994 suggests to me—and as you know, I served as special assistant to President Reagan for national security affairs, responsible for Latin America among other issues, for quite some time in the 1980's.



The pattern of events in Mexico suggests to me that when the guerrilla group began operating on January 1, 1994, the 35th anniversary of Castro's seizure of power, I thought the date was interesting, in a region which had been controlled by the Communist guerrillas of Guatemala for at least 10 years, that this could never have begun as a process without the approval both of the Communist guerrillas of Guatemala and their key sponsor, Castro and the Castro regime.

And the process of the political destabilization represented by the guerrillas started the ending of investment in Mexico. The assassination of the Mexican Presidential candidate in April started the process of capital flight. And that started the economic crisis.

The kidnappings in Mexico of more than 120 wealthy people in 1994, many of whom were on a list found in the hidden headquarters of the Sandinistas in Nicaragua in May 1993, altogether suggests a pattern in which part of Mexico's political and economic crisis, which I believe will grow more severe, is caused by operations in which Castro and the Castro regime are a part.

And I believe that there was a form of basically political blackmail in my sense of the \$1.5 billion pseudo purchase of Telefonos de Cuba. After all, buying 49 percent of a so-called state owned telephone company is like buying nothing. So the \$1.5 billion, I would say in some respects, represented an effort by President Salinas of Mexico to buy off Castro, and to reduce the pressure before the August 1994 election.

Again these are judgments, Mr. Chairman. These are inferences I am making from historical facts based upon patterns of action over many decades. But I believe that one can say that there is a pattern of events that suggest both that the purchase had a political blackmailing aspect to it, an appeasing of Cuba, and that there is a continuing question and problem of the Cuba involvement with the far left within Mexico, which merits serious attention.

Mr. BURTON. Well, thank you. We will follow up on that maybe in the next round. Right now, I will recognize my colleague, Ms. Ros-Lehtinen.

Ms. ROS-LEHTINEN. Thank you very much, both of you, for excellent testimony, Dr. Menges and Mr. Mas. I wanted to ask you some questions. Certainly, this week is a very important week for all of us whose strong desire is to have a free and democratic Cuba very soon.

The human rights discussions that are taking place in Geneva this week, what is your outlook or general comments that you would like to make about how important our policy statement is to the future of a democratic and free Cuba, Dr. Menges?

Mr. MENGES. I believe that it is extremely important always to hold out and to point to the truth about the repression of the people of Cuba by the Castro regime. That is why I think the statements by all of you members of Congress today have been extremely important, and they need to be widely reported.

Ms. ROS-LEHTINEN. Dr. Menges, if you could keep your remarks short. We are going to have a vote very soon. So I will keep my questions short.

Mr. BURTON. If you would take the chair. I have to go to the floor.

Ms. ROS-LEHTINEN. Yes.

Mr. BURTON. And I shall return, along with Congressman Torricelli, in just a few moments.

Ms. ROS-LEHTINEN. Thank you. Go ahead. I apologize.

Mr. MENGES. I have answered. Let me defer to Mr. Mas.

Mr. MAS. I think that it is very important to be specific. The Human Rights Commission that met in Geneva today should look, and I think that there has been effort undertaken at this point, to expose what happened with the tugboat, *13th of March*. And to show the real criminal nature of the Cuban Government under the instruction of Fidel Castro himself, who is responsible for the drowning of 23 children when they tried to gain freedom by boarding that tugboat toward the coast of Florida.

And it is important that we denounce that, and that the U.S. Congress and the American people know about the violation of human rights in Cuba. Because it is a shame for Time magazine, for example, to have a spread of nine pages in last week's edition. And there is not one single word there about dictatorship. They call Castro the lion in the winter. They call Fidel Castro the last romantic revolutionary. But the word dictator is not at all in any of those nine pages published by Time magazine.

And I think that the American people deserve better, and should be better informed. And we should not rely only on a newspaper organization like Time magazine, or the New York Times, or the Washington Post that are just involved in the propaganda effort to rescue Fidel Castro in some way or somehow to get the embargo lifted.

I do not think that they are being objective. I think that the American people are denied the right to know the truth about Cuba. And I think that 20 percent of the Cuban population in the United States as victims of the Castro government is the best testimony to let the American people to really know what is happening in Cuba, and what Castro stands for, and the criminal nature of that government.

Ms. ROS-LEHTINEN. Thank you. TV and Radio Marti and this budget problem, all of us know that it is going to be difficult to keep even beneficial programs alive. We just survived a subcommittee meeting today where TV and Radio Marti was able to stay in the budget. We do not know in the recision bills what will happen.

What would you say to those members who believe that it is time to eliminate those programs? And also, if you have some recommendations about what we can do to make it even more successful, so that the message of hope and democracy gets to the people of Cuba.

Mr. MAS. I believe that the strongest weapon that we have as a Nation is the truth, to convey the truth and freedom of information to the rest of the world. I think that we all realize that in the downfall of communism in the Soviet Union and Eastern Europe that freedom of information probably played a most vital and important role in freeing those countries.

And we would be neglecting those values if we do not support the tremendous and modest economic effort that we are doing regarding Radio and TV Marti. With a few million dollars, we have been able to convert the Cuban population into what the Cuban popu-

lation has always been. A devoted people friendly to the United States, who treasure the same values that we share in this nation.

Before that, the only information that the Cuban people would obtain came from the Cuban Government. They have a monopoly on information to the Cuban people. And therefore, they were manipulating everything that comes into the propaganda machinery of the Cuban Government. We broke the monopoly. On May 20, 1985 is going to be the 10th anniversary, and we are doing it at an expense of I think \$13 or \$14 million a year.

I think that it would not be consistent with the history of the United States if we cutoff the funding for Radio and TV Marti, and we would be denying 11 million people just 90 miles offshore of the United States the right to gain access to freedom of information.

Ms. ROS-LEHTINEN. Thank you.

Dr. Menges, if I could stop you even before you start, in the interest of time. I had some other questions that I wanted to ask. But since the bell just rang and we have a vote, if I could ask Mr. Menendez if he has questions for these panelists before we break.

Mr. MENENDEZ. Yes, thank you, Madam Chairlady.

I want to commend both of your testimonies. I appreciate it very much. I am sure that the committee does as well. It was very strong with a lot of food for thought.

I would like to ask Mr. Mas, as someone who is president of a national foundation, does the foundation do research on what is going on in Cuba today?

Mr. MAS. Yes, and we constantly do that. And we have more than seven people full-time devoted to research on what is happening in Cuba, and what the factual situation in Cuba is today.

Mr. MENENDEZ. Are you familiar with the Lourdes facility in Cuba?

Mr. MAS. Yes, I am.

Mr. MENENDEZ. Could you tell the committee what that facility is and what it does?

Mr. MAS. It is espionage based to listen to every single telephone conversation that is taking place in the United States, not only among the civilian population but among the military personnel. It is handled, administered, and directed by Soviet personnel. And Castro has sold that piece of the island to the Soviets to spy on the United States.

Mr. MENENDEZ. And is my understanding that the sum of about \$200 million that the Russians pay Cuba the correct sum for the use of that location?

Mr. MAS. That is the same number that the Cuban Government and the Soviets have agreed publicly that that is what the Cuban Government collects from the Soviet Union for the leasing of that base.

Mr. MENENDEZ. Are you familiar from your research in the foundation with a nuclear power plan that is being built at Cienfuegos?

Mr. MAS. Yes, we are.

Mr. MENENDEZ. And what can you tell the committee about that?

Mr. MAS. Well, the nuclear plant that has been built in Cienfuegos under the direction of the Russians, I think that the Congress before has heard a lot of testimony from an expert who has worked on the construction of the nuclear plant, that is posed a tremen-

dous risk to the United States. It is faulty construction. And if that nuclear power plant is ever finished, we are in danger of having another Chernobyl right in the Caribbean.

And I think that there has been ample evidence by those people who have left the island, and have worked with that nuclear power plant that there is tremendous risk, if that plant is ever finished.

Mr. MENENDEZ. Now there are many who suggest that that plant is a dead matter.

But have you read accounts or have you had opportunity through the foundation to research accounts of various countries looking into the possibility of assisting in a joint venture with the Castro dictatorship for the completion of that power plant?

Mr. MAS. The Cuban Government has tried to enlist the cooperation of France and Germany, and even the Japanese, to see if they could finish the construction of that nuclear plant. I do not think that he has received any serious commitment from any of those nations to finish that nuclear plant.

Mr. MENENDEZ. And this plant, if it were to be finished, would be 90 miles away from the United States?

Mr. MAS. Very close. Cienfuegos is on the south coast of Cuba.

Mr. MENENDEZ. Let me ask you a final question. There could be so many more, but let me ask you a final question. We read a lot about economic reform in Cuba, and I think that you alluded to it in your statement.

Is there true economic reform in Cuba, or do we just see investment; and what is the investment like?

I hear stories of people, Cuban workers, who are not paid directly by the employers, but are paid through the Cuban Government with the individual company, the foreign company, paying the Cuban Government. And the Cuban Government in essence paying the worker what would be the equivalent of a slave wage.

Mr. MAS. The answer is no, absolutely no. There are not any economic reforms taking place, but cosmetic changes, just to develop the perception that he, in fact, is introducing economic reforms on the island. What Castro is really doing is selling the island off to anyone who will walk in and buy whatever is left in Cuba, regardless of who was the former owner, and regardless of the interests of the Cuban people.

What is really happening is that some of those investors are positioning themselves. So with this opportunistic approach of going to Cuba, and buying very cheap property that they think is going to be worth tremendously in a post-Castro Cuba. By doing that, he is denying the Cuban people part of what is the national patrimony.

The hotels that have been built in Cuba, for example, what they really doing is setting an economic opportunity. The Cuban people cannot go into those hotels. They cannot eat in those restaurants. They cannot buy on those beaches that those foreign investors are exploiting. The tourists, the Canadian tourism, the French, or Spanish.

And the Cuban people resent that. Because whoever goes into Cuba is only with the mentality to serve the tourist industry or to serve foreigners, and not the Cuban people. No infrastructure whatsoever has been developed in Cuba today. No services, no manufactured products. There is not a currency in Cuba. There is

no incentive to any Cuban worker to engage in any productive economic activity.

But even worse, it is the Cuban people who cannot do the same thing that foreigners and foreign investors are doing in Cuba. No Cuban citizen can engage in any economic activity that any foreigners can do in Cuba. That is denied to the Cuban people, the right to organize themselves and participate in the economic well-being of the nation.

Cuban workers are not paid by those foreign investors. They are sold to those foreign investors. The Castro government pays those workers with pesos, which are worth nothing. And then the foreign investors in turn pay Castro a tremendous amount of dollars for those workers.

It is a crime what is happening in Cuba. You do not read that in the papers in this country. You do not read that in the New York Times. You do not read that in the Washington Post. You do not read that in Time magazine, but that is what is happening in Cuba.

And if you just read the testimony of a tremendous list of people who have come to the hearings here and have testified as to how they have been exploited by the Cuban Government, the fact will come out and the real nature of the Cuban Government will be exposed.

Mr. MENENDEZ. Thank you very much.

Ms. ROS-LEHTINEN. Members, what we will do, we have a vote on right now. Mr. Torricelli has voted. I will recognize Mr. Torricelli to ask the questions. You see, we took power, and already we are relinquishing it. How much more democratic can you get? And we will dismiss ourselves to go vote, but Mr. Torricelli will ask the questions. And then after his round, we will recess and convene the next set of panelists. Thank you. Mr. Torricelli.

Mr. TORRICELLI. Thank you very much. This is a great honor. I am the last Democrat to actually be presiding over a hearing.

Mr. MAS. But the best one.

Mr. TORRICELLI. Thank you.

There has been so much said and so much information about the American embargo and how it might end. Knowing that this is being broadcast to Cuba, it is an opportunity to put to rest some of the misunderstandings, and to establish clearly some of our own positions.

First, there are repeated attempts in the media to convince President Clinton to end the embargo and to begin trade. Those appeals are of no moment. The embargo exists in the laws of the United States. Absent certain events occurring in Cuba, the President of the United States has no authority, nor any other official of the U.S. Government, to end the embargo with Cuba. It is permanent unless and until there are certain political events occurring within Cuba.

Mr. Mas, you helped with the drafting of this, and you know the bill as well as I do.

Is that your understanding of the current state of American law?

Mr. MAS. Absolutely. And I think that anyone who might doubt, for the first time we have a tremendous political consensus in this country, Democrats alike with Republicans, that this is the policy

of the United States toward Cuba, I think that they would be deceiving themselves. I think that is the policy, and that it is going to continue. I think that the consensus of the American people is that as long as Castro does not introduce real democratic political reforms in Cuba, that there will be no lifting of the embargo.

Mr. TORRICELLI. And that gets to my second point that I wanted to make. To suggest that the President of the United States does not have the authority to end the American embargo does not suggest that there are not some people who do have that power.

It is both my memory and my interpretation of the Cuban Democracy Act that the American embargo on Cuba ends, and that it ends immediately and completely upon the holding of a free and fair election in Cuba. Therefore, ironically, the only person in the world who has the power to cause an immediate suspension of the embargo is Fidel Castro. By calling an election and ensuring that there is a free press, and that it is monitored, and that the genuine rights of the Cuban people to express themselves in an electoral process exists.

What I think is significant, however, Mr. Mas Canosa, is that the Cuban people here themselves and that your position remains the same as that of the U.S. Government. Our objective is simple, a free and a fair election. When it is held, there is no embargo. Just as in South Africa, when the apartheid government yielded to a multiracial election, there was no longer an embargo on South Africa.

Just as when the Soviet Union allowed Jews to begin to emigrate, we lifted sanctions on trade. There is no unique provision here for Cuba. You respect the most basic element of human rights, and then you are granted the full rights to trade in the international system.

What I think is important for the Cuban people is that they recognize that not only Democrats and Republicans and this government shares that position, but indeed the most notable exiled Cuban leaders in the American community hold that view.

Mr. MAS. Absolutely. I concur, Mr. Torricelli. And we will all join together on the day that free and democratic elections are held in Cuba, and a democratic government emerges from that election.

We do not support the embargo just to deprive the Cuban people of any resource. We have an embargo not against the Cuban people but against the Cuban Government, the repressive policies of the Cuban Government which keeps in jails in Cuba thousands and thousands of political prisoners, and which is responsible for the drowning of thousands and thousands of Cubans in the Gulf of Mexico and just recently a few months ago.

It is up to Fidel Castro to make his mind up, and think about the Cuban people and think about the nation. And the day that he calls a free and democratic election, I think that we are all in agreement and have a full consensus. That that day the embargo should be lifted. And then I would be able to join with the Cuban Communist delegation, which some of them are attending this hearing here, to request the lifting of the embargo.

Mr. TORRICELLI. It is important, of course, not only for Fidel Castro to understand, but for members of the Cuban military establishment, and the Communist Party, and others who may have a

belief that if Fidel Castro is there or whether he leaves is of no particular consequence, because they remain in an embargo against the United States. That is exactly the opposite of what the law states.

If indeed any segment of the Cuban society were to seize power by any particular means and hold a free and fair election, the embargo ends. That this embargo does not continue after a Castro dictatorship ends as long as the people, whatever they have done in the past, and whatever their backgrounds might be, whoever they might be, nevertheless hold a free and fair election, and allow a legitimate government to take place.

That is a critical message to the Cuban military and other members of the Communist Party to understand. There is a chance to start Cuban history over again. And that no one is excluded from the Cuban future, whether they have been in Miami or whether they have been in Cuba, whether they have been in New Jersey or they have been in Spain. If they believe in pluralism, to get themselves to the people, then they too can come back together in a new Cuban future.

Could you comment on that, and express your own views?

Mr. MAS. Yes, Mr. Torricelli. And I want to commend you and to express our gratitude on behalf of not only the Cuban exile community, but on behalf of the Cuban people who cannot express themselves. Because when the Torricelli bill, as we call it—you call it the Cuban Democracy Act, and that is the official name, but we Cuban-Americans and the Cuban people know the Cuban Democracy Act by the name of the Torricelli bill—I think that you do not underestimate the Cuban people when that bill makes certain and guarantees that the only way to lift the embargo and to establish normal diplomatic relations, and to allow Cuba into the International Monetary Fund, is the day that Castro or any transition government holds free and free and democratic elections.

The Cuban people are not above any other people, but are not under any other people in the world, and it is entitled to the same rights that all of the rest of humanity today is being considered and is being allowed. We need free and democratic elections for the Cuban people. We have not held free and democratic elections in Cuba for over 40 years now.

So to make certain, and that is why this bill defends and respects the rights of the Cuban people so much by calling on anyone who would succeed Fidel Castro that free and democratic election should be held immediately. And that should drive out any fear by anyone either in the liberal media or in the political establishment that after Castro that a dictatorship might be established.

We have made clear, and I think that there is not only a consensus of the American Nation but also the Cuban nation inside the island, that normal diplomatic relations with the United States should only be established the day that free and democratic elections are held.

Mr. TORRICELLI. But I want to provide to the Cuban people and to the American media a contrast between Jorge Mas Canosa and the Cuban American Foundation and the Communist Party and Fidel Castro in the clearest possible terms. By not holding a free

and fair election, it is clear that Fidel Castro will not subject himself to the will of the majority of the Cuban people.

If Cuba were to hold, under international supervision, a free and fair election where the media could cover this both internally and internationally, where every Cuban citizen is guaranteed their most basic rights and could express themselves, that Fidel Castro will not go by the majority will of the Cuban people, whatever the outcome might be, but is it clear and unmistakable that in your belief in the democratic process that you will subject yourself to the desires of the Cuban people whatever it might be as long as that process meets the highest standards of being free and fair.

Mr. MAS. Absolutely, yes, Mr. Torricelli. Castro is constantly claiming that he is the most popular leader in Cuba. And I will challenge Castro to hold free and democratic elections, and submit himself to the vote of the Cuban people. And if the Cuban people elect Fidel Castro, then I think that we all should respect that new democratic government elected and Fidel Castro as the head of that government.

Castro does not hold a free and democratic election, because he knows beforehand the result of that election. And all we are asking for the Cuban people is the same rights that the Colombian people have, and the Mexican people have, and the Venezuelan, and the Argentinean, and the United States people have.

Let the people decide. Let the people elect their own officials. We ask and would challenge Castro to submit himself to a free and democratic election.

Mr. TORRICELLI. Well, that is the contrast that I wanted to see established. I have got the advantage of not having to have anyone take my time here, and I have a captive audience. I want to take full advantage of it.

Some people do not understand why both in our legislation and in the policy of this Government is to require the licensing of people who want to make donations to the United States and to Cuba. And so some, the Pastors for Peace, for example, have attempted to go to Cuba and to distribute their donations without a United States Government license or any supervision.

I read a report only this morning in my office that once again, and it is important that the Cuban people hear this through Radio Marti, that the tourist hotels that line the beaches of Cuba are once again being stocked with items that are being donated by humanitarian organizations in the United States.

People, American families, with the best of intentions who care for the Cuban people and want to help, even if they do not agree with your policy, are giving of their hard-earned money, and they are giving items. And they are showing up again in tourist hotels.

It is important that the Cuban people know that a part of their deprivation is because the government is literally stealing humanitarian donations in order to sell them at marked up prices to European tourists. And it is critical that the humanitarian community in the United States, as well intentioned as they might be, understands that that is the reality of what is happening.

Our law requires a simple license to make humanitarian donations, because we want those groups to distribute the items themselves. If you go from the United States to Cuba and actually hand



medicine or food to a Cuban citizen, the U.S. Government allows that.

Indeed, today, the United States distributes more donations of food and medicines to the Cuban people per capita, citizens of the United States, than any other nation on Earth. That is how much we are giving.

Now how much is getting there? That is another matter. Because everybody is not getting these licenses. Instead of giving it to Cuban citizens, they are giving it to the Cuban Government, where it goes right to the Communist Party, or it goes to a tourist hotel.

Mr. MAS. That is absolutely true, Mr. Torricelli. And I am glad that you brought the point up that the Cuban people are listening to this testimony through Radio Marti. Because the Torricelli bill has been criticized by the liberal media by saying that you just reinforced the embargo against Cuba.

But they do not talk about the humanitarian part of the Torricelli bill. For the first time in the history of the Cuban exile community in 36 years, we have direct calls to our relatives and friends in Cuba. It used to take weeks and sometimes months and years to make a telephone connection with any relative or friend in Cuba. Now we can just pick up the telephone in Miami and dial direct any friend or any relative on the island of Cuba.

It is important for the record to know that the Cuban-American community is sending \$400 million a year in humanitarian assistance to the Cuban people. Where does that assistance go? That is another thing. Most of it is manipulated by the Cuban Government, as you expressed.

And it is important also that the Cuban people and the liberal media know that the Torricelli bill authorized humanitarian assistance to the Cuban people in large quantities as long as that humanitarian assistance goes directly to the Cuban people, and does not go through the hands of the Cuban Government.

Mr. TORRICELLI. That is all we ask, and then it is unlimited. And I do not think that that is an inappropriate thing to request. That is in the interest of all parties.

Now additionally, I wanted to share with you the experience of having gone to Guantanamo last year. Arriving in the camps, and this is important for the international community to hear as well as those within Cuba, several hundred people rushed to me and to Lincoln Diaz-Balart. And although my Spanish is good, when people are excited and they speak, sometimes I cannot understand it.

Mr. MAS. Much better than my English.

Mr. TORRICELLI. And I said to Lincoln Diaz-Balart, "I kept hearing them saying Mexico and Spain. What are they say?" They were repeating over and over again, without us prompting them, that if it were not for investments by Spain and by Mexico that Castro would have fallen a long ago.

To our friends in Europe and Latin America, I think that it is important for them to understand a generation of Cubans are never going to be able to forget that in this moment of peril of the Cuban people when they were fighting for their freedom, that there are those who would take advantage of their suffering.

And the Cuban people unprompted rushed to us to share with us the names of the countries. They may think that it is good busi-

ness, and maybe there are a few gold coins in the next few months that they will gain. But they risk the enmity of those people for a generation, and lost business opportunities.

And finally, Ms. Ros-Lehtinen, if I could. I want only to add that before me I have what is appropriately titled from the Cuban American National Foundation Cuba's Hall of Shame. It is international corporations that are investing in trading with Cuba, I believe as I have cited for short term advantage and long-term loss.

Could you just say for me what is the difference in the purchasing power between Cuban-Americans and those within Cuba, if you were only to take it in monetary terms?

Mr. MAS. Well, the purchasing power of the Cuban people is just about nil. It is nonexistent. They have to trade in the black market, and grab whatever dollars they can.

Mr. TORRICELLI. What do you estimate the purchasing power of Cuban-Americans to be?

Mr. MAS. Well, we have an economy in South Florida close to \$32 billion a year GNP, the combination of manufactured products and services. You had an economy in Cuba of less than \$3 billion. So it shows the contrast of it between one system and the other.

Mr. TORRICELLI. Well, let me then finally conclude by suggesting to the board of directors, and the executives, and the investors of only a few of these corporations that not only do they risk long-term investment in Cuba by a new Cuban Government, which is inevitably going to hold them responsible for being complicitious with the dictatorship, but there are hundreds of thousands of Cuban-Americans and others who believe in freedom, and do not like corporations to take advantage of the loss of freedom of other people. That you are risking them as well.

To Cuban-Americans in South Florida who buy Toyotas, Nissans, Mitsubishi's. They do business with Fidel Castro. I would not do business with them.

Unfortunately, an Italian company, Benetton, likes to do business with Fidel Castro. I would not be visiting Benetton in Miami any time soon.

For those in the construction business in the Cuban-American community who might do business with Cemex. And those who import oil, with Pemex from Mexico. I would think about it all again.

In the telecommunications business from France, Alcatel. I would think long and hard. The fashion industry from France, Pierre Cardin.

Page after page of corporations. If I were a Cuban-American and I had a radio station in Miami for a newspaper, I would read this list every day.

One thing that I respect about the Jewish-American community. It took 50 years before many Jewish-Americans would buy products of corporations that participated in the Holocaust.

If I were a Cuban-American, it would take 50 years before I would buy the product of a corporation that helped enslave the Cuban people. This is a record of shame. I hope that every radio station in Miami will begin reading these products, and asking people to stay away from these corporations.

Thank you for being so generous with the time.

Ms. ROS-LEHTINEN. Thank you very much.

Mr. TORRICELLI. I hope you voted for my amendment when you were over there.

Ms. ROS-LEHTINEN. Well, I doubt that. I voted the right way.

Mr. MAS. Madam Chairman, would you allow me just 30 seconds?

Ms. ROS-LEHTINEN. Yes, Mr. Mas, but if we could wrap it up, because we have the next panel.

Mr. MAS. Mr. Torricelli brought up a very important statement about Guantanamo, the people asking for Mexico and Spain to stop the trade from Mexico and Spain with Cuba. I think that the best expression and the best testimony of what the Cuban people inside the island believe is of those 30,000 people in Guantanamo who just arrived a few months ago, and they must have a clear opinion of what the thoughts of the Cuban people are.

And those who doubt the popularity of the embargo or the Torricelli bill, I would like to refer them to something that happened in Guantanamo. And Madam Chairman, you were a witness of what happened there.

When Bob Torricelli the first time got into Guantanamo, he was carried on the shoulders of the Cuban people in Guantanamo. And that showed to the world how popular the U.S. embargo against, not the Cuban people, but the Castro government is.

Ms. ROS-LEHTINEN. Definitely. And on your return trip, which took place just on Friday, we talked to many individuals there, not only leaders, but the other rafters there, some of them recently arrived by being transported back from Panama, and all of them had told us that they believe that the correct United States policy is to have a tough stance against Castro, and to further isolate him.

And I believe that some of the future leaders of a free Cuba are in those camps at Guantanamo. And they are architects, and engineers, and teachers, and doctors, and lawyers. And they are among the best and the brightest. And they have said no to Fidel. And in fact, they are the new men of the revolution that Castro said that he was going to fashion. And all of them are saying good-bye to that life of enslavement, and saying yes fervently to democracy.

Thank you to both of you gentlemen for being here with us.

Mr. MAS. Thank you.

Mr. MENGES. Thank you.

Ms. ROS-LEHTINEN. And I would now like to invite the second panelists to join us. Dr. Mark Falcoff, research fellow at the American Enterprise Institute. Ms. Gillian Gunn, director of the Cuba project from Georgetown University. And Ambassador Otto Reich, the president of the United States-Cuba Business Council. Welcome to you.

Thank you so much for being here today to provide testimony. And thank you for your patience, as we wind down this hearing. But we have certainly saved the best for last. So thank you, all three of you, for being here. I am just going to do it the diplomatic way, and the same way that it was listed is how I will have you speak, starting with Dr. Mark Falcoff. Thank you, Doctor.

STATEMENT OF MARK FALCOFF, RESIDENT SCHOLAR,  
AMERICAN ENTERPRISE INSTITUTE

Mr. FALCOFF. Madam Chairman and distinguished members of the subcommittee, I am honored to respond to your invitation to share some of my thoughts with you this afternoon on the Castro regime in Cuba, as it enters its 36th year.

Let me begin by emphasizing two points. First, the longevity of the Castro regime should not dazzle us. It is neither unique nor given regional standards all that impressive. Many authoritarian regimes in Latin America have endured well into three decades. Castro's is unique only in that it possesses an ideology. And until recently, it enjoyed a powerful international patron.

Also, unlike Generalissimo Rafael Trujillo or the Somozas, and this has been pointed out already, Castro continues to exercise a peculiar fascination over intellectuals, journalists, and academics.

Stripped of its ideological and cultural trimmings, however, the Castro regime is an archetypical version of a traditional Latin American dictatorship. It is and remains a one man show. In spite of all of the talk about generational renewal, the revolution is still not institutionalized. And even Fidel's brother Raul is widely regarded as heir apparent, not many people think that he possesses the qualities necessary in Fidel's absence to hold together an increasingly dysfunctional revolutionary family.

Second, Castro seems peculiarly uninterested in testing his legitimacy at the ballot box, not just in competitive elections, but even in convoking a plebiscite, such as the one that took place in Chile 7 years ago. One cannot help wondering why, given the obvious advantages that he would possess control of the media, the lack of an obvious alternative, and command of the only organized political force on the ground.

To win such a plebiscite would be a devastating blow to the United States and to the enemies domestic and foreign of what he likes to call the Cuban Revolution. Why, I ask, does he hold back? Perhaps he knows something we do not.

These days, Castro's No. 1 priority is his desire and in a certain sense his need to rule his country until his death. What happens to Cuba after he is gone is of no great concern to him.

How does he propose to achieve this goal? First, by getting the United States to lift its economic embargo. This would open to Cuba a whole new universe of credits with American private banks replacing those lost or exhausted with credulous Europeans or Japanese.

It would also make him eligible for soft loans to finance the purchase of U.S. agricultural products, presumably guaranteed by the U.S. taxpayer. It would allow him access to loans from the multilateral banks and membership in the International Monetary Fund. Such "constructive engagement" has prolonged the life of more than one Communist regime. The Pole and Czech regimes in the 1980's, and China and Vietnam today.

While Cuba would not be a particularly good credit risk, it would be some years before Castro would have to declare default during which time he could postpone political and economic reform indefinitely.

Second, once the embargo is lifted and United States businesses begin to operate in Cuba, Castro could anticipate the emergence of a new constituency here in Washington, to line up behind the regime whenever it is embarrassed by its human rights violations, and also to explain away its lack of progress toward political democracy.

In this connection, let me explain something about the debt/equity swaps and other deals which Cubans are now offering Mexicans, Canadians, Spaniards, and others. In my view, Castro's major purpose in opening industries to these non-U.S. investors is less economic reactivation than to convince the American business community that it is missing out on the fire sale of the century, and to pressure our Government to lift the embargo.

As long as the embargo is in place, these new ventures, at least many of them, have very limited possibilities of making a profit.

Third, by expanding the range of contact with foreign businesses, Castro hopes to buy the continued loyalty of his armed forces by cutting them in on new joint ventures. Presumably, this would insulate the Cuban military from the island's economic decline and neutralize it politically. But whether this is possible in the absence of a U.S. component remains to be seen.

One may well ask why is it that Castro is so certain that lifting the embargo would strengthen his hold rather than undermine it? After all, the United States was always a pole of attraction for ordinary Cubans, and presumably would remain so. Can the Castro regime survive thousands of American tourists and the impact for example of renewed United States-Cuban trade?

The answer, I submit, is that Castro intends to manage the new relationship in such a way as to minimize the ripple effect of increased contact. It is worth noting that even today that ordinary Cubans have little or no contact with foreign tourists. Many tourist centers are isolated along the island's periphery, and the access roads are forbidden to ordinary Cubans, even on bicycle.

Let us also understand that normalization of relations with the United States does not mean a return to the pre-1959 status quo. Cuba can never again enjoy privileged access to United States markets, at least under the current political arrangement.

Above all, given the overriding political objectives of the regime, the wider impact of economic liberalization will be extremely limited because it must be. To assume that it would acquire its own momentum overruling and engulfing the regime is to descend into a kind of crude economic determinism of which Castro himself, I am sure, would never be guilty.

To summarize, if Castro believes that he can survive and flourish in a postembargo environment, the question we ought to be asking ourselves is, Why that is, and what policies ought to follow from that?

Thank you for your attention. I look forward to your questions. [The statement of Mr. Falcoff appears in the appendix.]

Mr. TORRICELLI. Thank you very much.

Ms. Gunn.

**STATEMENT OF GILLIAN GUNN, DIRECTOR OF THE CUBA PROJECT, GEORGETOWN UNIVERSITY, WASHINGTON, DC**

Ms. GUNN. Thank you very much for the opportunity to testify today. When it became known among my colleagues that I was going to be testifying today, I was given some humorous advice, which was as I was likely to be the lone voice with my point of view, that it might be wise for me to conveniently get sick today.

As you can probably tell from my somewhat flu ridden voice, my body must have been listening. In fact, I wonder if the State Department representative had received the same advice, and their body was listening as well.

But in any case, after having been taunted with that challenge, I decided that I would turn up even if in a wheelchair. So forgive me if I gasp a little as I try to breathe through my cold.

I would like to start by saying that everyone on this and the previous panel, and in fact I am sure everyone in this room—

Ms. ROS-LEHTINEN. If your views change, your cold will get better.

Ms. GUNN. I am sure that everyone wants the same thing for Cuba, which is a peaceful transition to a democratic government which no longer abuses human rights. I certainly agree with that wholeheartedly. However, the shift in U.S. policy contemplated by the Helms and Burton bills would be very counterproductive. In fact, to use a metaphor from British football that you would call soccer, it would be an on goal, a player inadvertently kicking the ball through his own net giving a free point to the other side.

Most importantly, given the statements concerning human rights, very eloquent statements that were being made at the beginning of these hearings, with which I fully agree, these two bills if passed would make it far harder to build the international consensus to exert greater pressure on Cuba to improve its human rights record.

Now on to some specifics. I fear that the most likely outcome of a passage of these bills would not be immediate overthrow, certainly not peaceful overthrow of Castro, but that Castro would survive in power for at least some time to come, however with the living standard of the Cuban people declining, further declining, due to the economic provisions in these bills.

Why do I say that he would be likely to survive for a time at least? One reason is that the repressive apparatus is still efficient, and it is still loyal. The ruling group remains unified. Therefore, the lowering of the standard of living in my view would not cause a revolt. The fear of repression is just too great. The efficiency of that repressive apparatus is too great. And instead, people would try to deal with the falling standard of living by trying to flee the island.

We know what happened the last time that a large number of Cubans tried to flee the island in August. We ended up with the crisis in Guantanamo. I fear that if these bills are passed, that we could have another such migration crisis and the Guantanamo problems would become still worse.

A few words about the ongoing situation in Guantanamo. There will be about 26,000 by March 6 when the Panama refugees are returned. This is costing the U.S. taxpayer between \$200 and \$300

million a year. There are four options for dealing with the Guantanamo refugees. Although I have addressed all of them, I will only address two here.

One is what my heart definitely agrees with, to admit them to the United States. Anyone who knows of the difficult conditions that these people are living under, and the courage that it took for them to leave Cuba in the manner in which they did, has to sympathize with that very humanitarian cause.

However, there is a profound danger that the decision to admit the refugees to the United States would solve a short term problem only to create a much larger long term problem. The admittance would remagnetize the United States for Cubans looking for a better life. One could see a reenactment of the situation of last summer.

And perhaps even more seriously, once it was known that people from Guantanamo were going to be admitted, you could see Cubans trying to crash the gates of the Guantanamo Base to get onto the base, so as to be able to participate in that humanitarian admittance.

What about the option of leaving people in Guantanamo indefinitely? Well, due to the laudable policy of taking out elderly, ill, and young people, the population of Guantanamo is primarily young unaccompanied men. As we have seen in Panama, this particular population group, and probably any population group subjected to these kinds of conditions of indefinite detection, are prone to occasional riots. There is the danger to both the detainees themselves and to U.S. personnel.

There is also a very serious human rights consideration that is being brought up by Amnesty International and other organizations. By what right does the U.S. Government hold foreign citizens on an offshore naval base? What about the entitlement to political asylum that every citizen of the world is at least entitled to have a hearing on?

And finally, there is the question of the expense.

I will now move on to some other problems that I see in the shift of U.S. policy other than the migration ones, which I think I have exhausted.

One problem with these bills is the damage that they would cause to relations with U.S. trading partners. As you know, these measures are being considered extra-territorial and a violation of sovereignty by many European countries and Western Hemisphere countries. They are seen as a violation of both NAFTA and GATT. And I think that if they were to pass, that we could expect countries to undertake to have hearings and legal recourse through these treaties.

There is also a danger that these bills will cause such anger in Europe, that they will galvanize Europe into unified opposition to United States/Cuba policy. As you may know, there has been some thought in the European Community to signing a cooperation agreement with Cuba. Several countries in Europe have been reluctant to support this idea due to various concerns, including out of respect for the United States.

The rumors in Europe currently is that there may be such anger should these bills be passed, that these remaining foot draggers

would change their minds and unify to display opposition to U.S. policy by supporting such a cooperation agreement.

Then there is the question of the sugar provisions and the trade component. The provision that says that the United States will not import sugar from a country which imports sugar from Cuba would affect 14 States. These include important trading partners, such as Canada, China, France, Germany, Japan, and the United Kingdom.

It is possible in fact, as has been stated by some diplomats, that a few of these countries if not more of them would retaliate by refusing to buy U.S. sugar should their sugar purchases be canceled. As of 1993, these 14 countries bought \$257 million worth of U.S. sugar. I think that if those purchases were canceled, the U.S. sugar industry would have some concern.

However, as I mentioned in my opening paragraph, the most important concern I have about these bills and their relations with trading partners and the international community is that it would be much harder to build an international consensus on human rights. The irritation at the United States, and the anger at the extraterritorial provisions, and the visa denials would not create an atmosphere conducive to building a concerted coordinated policy on human rights.

Another problem of these bills is that they would erode the ability of the United States to influence Russia's nuclear policy. If the Lourdes payments of \$200 million were deducted from United States aid, that would cut United States aid to Russia by over one-half.

The United States needs leverage with Russia in order to influence its nuclear policy. The pending deal with Iran, I think, is a particularly important thing to note at this time. It seems unwise to curtail influence with a country that possesses nuclear weapons in order to pressure a small state that represents no military threat.

Another concern is the isolation of the United States at the United Nations. As you know, the bill calls for the Security Council to consider multilateralizing the embargo. In the last vote in the General Assembly, only Israel supported the embargo along with the United States.

I think that it is highly unlikely given that record that the Security Council would agree to multilateralize the embargo; in other words, adopt it as an international policy. And the United States's isolation would be highlighted.

In fact, such a move at the Security Council could backfire, and could cause Cuba to be able to present itself as the poor little picked upon nation, and it could use this as a public relations weapon with which to garner still more support for its resolutions against the embargo. Which as you know, those resolutions have been gaining support over the last few years.

Again in the United Nations, you would have the problem of greater difficulty building international support for a concerted human rights policy.

A final comment that I would like to make about the bill is that there is no track two. As much as I disagreed with some aspects of the Cuban Democracy Act, it did establish and I think wisely so,



the basis that along with pressure that there needed to be contact with the Cuban people and communication.

I think that it would be wise for these bills to build on that principle, particularly in the area of humanitarian assistance via NGO's. Some European NGO's have joined together in a coalition, and are contemplating a strategy by which they would distribute a small amount of money to a large number of Cuban NGO's, including some whose independence they are not confident of.

They would then go back a year later and check whether these funds had been used to make the NGO's more or less independent. Those who had used the funds to become more independent of the state would be given more funds. And those who had not used the funds in such a manner would not receive more funds.

When I was in Cuba last summer, I discussed this strategy with the Catholic Bishop of Santiago and with the renowned Cuban dissident, Gustavo Arcos. They both endorsed the approach.

I will just briefly quote the bishop. He said, and I asked him if this could be on the record and he agreed, I did do the translation however,

It is important that a space be created in Cuba, a no man's land, where one can do things without having to declare oneself for or against the state. The more the no man's land grows, the better. This strategy would expand that space.

I have written extensively on this matter in a briefing paper that we have produced. It is with the testimony, and I hope that it will go into the record.

In sum, if you are going to tighten the embargo, this is not the way to do it. It damages U.S. relations with important allies and trading partners. It creates an ideal opportunity for Castro to use his public relations image of the picked-upon little island to build greater support for his antiembargo campaign.

By damaging the relations with allies, it damages the ability of the United States to build an international consensus on human rights in Cuba. And in sort, with this bill, the United States is about to overplay its hand.

[The statement of Ms. Gunn appears in the appendix.]

Mr. TORRICELLI. Thank you very much.

Mr. Reich.

#### **STATEMENT OF HON. OTTO J. REICH, UNITED STATES-CUBA BUSINESS COUNCIL**

Ambassador REICH. Thank you, Mr. Chairman. I appreciate the opportunity to be here today, while you are acting chairman. I want to summarize my statement, which I have submitted for the record.

There has been a lot of talk here about the fact that Cuba is open for business. The Canadian, Mexican, and European firms are rushing in. Fidel Castro says that foreign firms are gobbling up so many sweetheart deals that soon there will not be a grain of sand left for U.S. companies.

How is it possible that this is happening in a country with an income of \$5 a month, and where private property is outlawed? The answer, Mr. Chairman, and Congressman Torricelli, and Congressman Menendez, is that these stories actually respond to Castro's strategy rather than anything having to do with reality.

The fact is that Cuba's economy has been cannibalized for 36 years as a result of Marxist economics and Leninist political control. The Castro government's true strategy is not just lifting the embargo. Castro is desperate for U.S. financial credits, loan guarantees, and multilateral aid. The lifting of the embargo is just a means to an end.

To achieve the objective, he is trying to get U.S. companies to believe that they are losing business to foreign corporations. He hopes that those companies in turn will put pressure on you, on you plural, on the U.S. Congress to lift the embargo without conditions.

U.S. companies, however, know, because they are well informed, that such commercial anxiety attacks are baseless. In fact, the lifting of the embargo without a corresponding shift to political and economic reform in Cuba will actually punish American citizens and companies who have supported United States policy and would benefit those few foreign firms that have bet that a dictatorship will stay in power in Cuba in order to protect them from the transparency of a free market.

Ironically, in the past 5 years, Castro has increased his political repression. As I illustrate in my testimony, Mr. Chairman, Castro is wrong in his strategy. His view is that all businessmen, and Americans in particular, are selfish, capitalist exploiters interested only in profits and oblivious to the plight of ordinary citizens.

With few exceptions, my experience tells me differently. When a stable democratic and market oriented Cuba opens the door to genuine economic development and commercial opportunity, I have no doubt that United States companies will be second to none in gaining access to this market of 11 million people only 90 miles from our shores.

However, until that happens, any firm participating in Castro's fire sale of assets is building on economic and political quicksand. The commercial environment in Cuba is a chamber of horrors. The Communist Party controls 100 percent of membership of all three branches of government. There is no independent judiciary; not one newspaper, magazine, radio, or TV station that is not controlled by the party; no civil organizations, no independent trade unions, no business groups that are not run by the party.

Even the Chamber of Commerce of Cuba and the Red Cross are run by party officials and military officers. Military elites have taken over Cuba's tourism, construction, hotel management, agriculture, and other industries.

Cuba's so-called self-employed workers are banned from forming private businesses, and face stiff prison sentences if they are deemed to have become unduly wealthy by the Cuban Government, which is what we call successful in the real world.

In addition to the economic risk, foreign investors have to understand that if you are doing business in Cuba today, you are unfairly benefiting from someone else's confiscated property. I believe that is called trafficking in stolen goods. It is not surprising therefore that several foreign investments frequently touted as success stories by Cuba and its proponents have failed to materialize. And I have some examples of that if you wish during the question and answer period.

Given the Cuban Government's track record in commercial dealings, it should surprise no one that EuroMoney magazine's 1994 country risk report ranks Cuba behind Somalia as the worst investment risk in the world. Institutional Investor ranks Cuba 126th among all nations in financial risk, behind Ethiopia and Iraq. The Index of Economic Freedom recently published by the Heritage Foundation ranks Cuba as the second most repressed economy in the world exceeded only by North Korea.

Cuba does not have the cash to buy foreign goods. The international lending window has been closed to Cuba, because of its default in some \$8 billion in loans to international creditors not counting the Soviet Union.

The few highly publicized big money deals in Cuba are structured to avoid rather than to encourage investment. I will give you some examples of that if you wish. Some of the Mexican ventures which have been announced have yet to be implemented including the Grupo Domos deal that has been discussed here today. And I doubt frankly if the Mexicans are going to find the deep pockets necessary to implement that with the current problems.

Mexpetrol, by the way, and the construction firm ICA of Mexico have both shelved their plan to upgrade the Cienfuegos oil refinery. And a number of smaller firms have recently suspended their operations in Cuba.

But frankly, Mr. Chairman, the most compelling case against commercial involvement in Cuba is not economic but moral. The Cuban Government has a well documented record of human rights abuses which directly impact trade and investment activity.

We were talking earlier about the U.N. Human Rights Commission, which is meeting this week in Geneva. I had the privilege of being the Deputy United States Ambassador in 1991 and 1992 as a private citizen to the United Nations. The Human Rights Commission has sanctioned the Castro government with the highest level of condemnation at its disposal.

Political crimes in Cuba include executions, torture, lengthy imprisonment for intellectual dissent, and a range of Orwellian crimes against the state.

The international labor organizations has condemned Cuba for the use of forced labor, and for the denial of freedom of association and the right to organize. Cuban workers have no voice in their working conditions. They are allocated by the Government as any other piece of equipment. They are jailed up to 8 years just for trying to organize a labor union.

We also talked earlier about how the Cuban Government—I believe you, Mr. Torricelli, asked about how they pay the workers. The Cuban Government charges a foreign company in hard currency. Let us say they—the foreign company—pays \$400 to the Cuban Government for the use of a hotel worker. The Cuban Government turns around and pays that worker in local currency. We know that the black market rate fluctuates anywhere from 50 to 80 to 100 pesos to the dollar.

The Cuban worker gets 400 pesos or about \$5 a month, while the Cuban Government pockets the remainder. By the way, 60 percent of that goes to the Communist Party. And the rest goes to the military and the civilian side of the Government.

You can understand the atmosphere of resentment and economic instability in Cuba today. And the companies that are doing business, I think, should understand that that jeopardizes their long term access to a democratic market oriented Cuba.

I have a personal example of how some of these foreign companies can ignore these conditions that I have listed. I had an unfortunate encounter with the head of one of those companies, a Canadian company, Sherrit. I asked the chairman of the company how he could ignore these conditions. And he simply said that as long as he is making money, "morality has no place" in his investment decisions. And that is a direct quotation. His name is Ian Delaney. You can reach him somewhere in Canada.

Anyway there are practical implications of all of this. During the August 5, 1994 uprising in Havana, protestors vented their frustration at dollar stores and foreign operated hotels, which are off-limits to Cuban citizens. Cuban exile groups of every political stripe have warned that joint ventures with the current regime are likely to be recognized as illegitimate by Castro's successors. How can a multinational firm, particularly a labor intensive industry, ignore such unpleasant realities without courting disaster?

Finally, Mr. Chairman, I do not believe that American companies would want to do business in Cuba under current circumstances. Responsible companies realize that the best hope for their participation in the economic recovery of Cuba lies in the restoration of democracy, respect for human rights, private property, and individual initiative, which the Cuban Government denies to its citizens today.

It is my firm belief that the few foreign companies that are doing business in Cuba today are making a bad business and moral decision.

Thank you very much. I would be happy to take your questions. [The statement of Mr. Reich appears in the appendix.]

Mr. BURTON. Thank you. I want to apologize for my absence. I had an amendment on the floor.

Before I yield to Mr. Torricelli, I would like to ask one question of the three of you. Lee Iaccoca told the Miami Herald that, "Castro recognizes the failure of Marxism and is committed to reform."

Do you see any evidence that that is the case?

Ambassador REICH. Well, I just read his adoring interview in Time magazine, and he does not do any such thing. He is quite emphatic about his ideological convictions and his economic theories.

Mr. BURTON. That is what we thought.

Are there any other comments?

Ambassador REICH. Well, all I know is that he has said that he would be the last Marxist-Leninist left on earth, and I think that he is very close to that already.

Mr. BURTON. Let us hope that before too long that there are not any left.

Ms. GUNN. Excuse me. I have a comment as well.

Mr. BURTON. I beg your pardon.

Ms. GUNN. Excuse me. I have a comment as well.

Mr. BURTON. Sure.

Ms. GUNN. You asked if Fidel Castro was committed to reform. He is not committed to political reform in any way whatsoever.

However, against his will, he has been forced to carry out economic reform. I believe that the economic reform he has carried out to date, particularly the legalization of the holding of United States dollars, and more recently the establishment of the agricultural markets are significant reforms which he did not want to undertake, but which have loosened the hold of the central state of Cuba over the daily lives of the Cuban people in a very significant way.

It does not necessarily mean a shift to capitalism nor the beginning of the end. But it is a very interesting chink in the armor. There is now pressure within the Cuban Communist Party for additional economic reforms, again not because they want to, but because they think that it is necessary for economic survival.

One of the things under consideration is exactly what is being discussed here today, the possibility of permitting Cuban individuals to set up small businesses, which I personally think would be extremely wise.

My feeling is that Castro will do enough economic reform to be able to stay just ahead of the reaper, just ahead of the point where economic conditions become so bad that the country collapses. However, I do not feel that we are going to see significant political reform at any time in the near future.

Mr. BURTON. That is precisely why it is important that we help eliminate that regime from this hemisphere. We just got back from Guantanamo, and I can tell you that he is literally forcing some people who are professionals, who want freedom, and democracy, and human rights, into unseaworthy boats and out of the country so that he can maintain his hold on power. We want to change that.

Ms. GUNN. That may well be the case. I just commented on economic reform.

Mr. BURTON. I understand.

I would be happy to yield to my colleague, Mr. Torricelli.

Mr. TORRICELLI. Thank you, Mr. Chairman, very much.

Ms. Gunn, you used the word reform and change as if they were interchangeable. The use of dollars is certainly change. I do not know how that constitutes a reform. It appears to me that a country accepting a foreign currency is a loss of sovereignty, and a lack of confidence in its own currency. It establishes economic tiers within the country, those with access to foreign corporations and tourists, and those who do not. It is certainly change. I do not see how a positive word like reform would come to be used in the same context.

Ms. GUNN. If you would like to call it change rather than reform, that is fine with me.

Mr. TORRICELLI. Well, I was not trying to be argumentative. But rather, I take it that you are not citing something positive about using dollars either, are you? I do not see where there is anything positive about it.

Ms. GUNN. I am not trying to present it as either positive or negative. I am simply saying that there have been changes, if you would prefer to call it that, very different from the system that existed in the late 1980's. The Cuba of 1995 is extremely different from the Cuba of 1989.

Mr. TORRICELLI. That I recognize.

Ms. GUNN. And the economic changes of the legalization of dollars and the introduction of the free farmers markets, the agricultural markets, are the two most important changes that have loosened the control of the central state. That does not necessarily mean good things are going to arise out of this, but they are important changes.

Mr. TORRICELLI. Let me ask. There is much being said now about this foreign investment.

Could anybody quantify in 1994 how much hard currency and foreign investment you think actually went into Cuba even in a broad range, hard currency?

Ambassador REICH. In preparing for the testimony, Mr. Chairman, we were trying to find that figure, and it is difficult to pin down. Believe it or not, we have seen as little as \$5 million, that is a U.N. figure, and as high as \$50 million.

Mr. TORRICELLI. But that is the only range you have seen?

Ambassador REICH. Pardon.

Mr. TORRICELLI. That is the only range you have seen, \$5 million to \$50 million?

Ambassador REICH. This is 1992, by the way, 1994 is much too recent. You know the Government of Cuba does not release any economic information to speak of, and certainly nothing like this.

Mr. TORRICELLI. But even anecdotally from looking at different deals, you could not venture another number?

Ambassador REICH. You hear, for example, about the Grupo Domos figure that was mentioned here earlier—\$1.5 billion for 49 percent of the Cuban telephone company. This is a large enough figure that has attracted quite a few sleuths. And they have looked at this, and found that the real figure that the Domos group would possibly invest, which they have not, if they had access to the inputs that are also not present yet, would be somewhere between \$40 and \$80 million, not \$1.5 billion or anything.

Mr. TORRICELLI. But it has not in fact happened.

Ambassador REICH. But they have not done it. The actual figures. For example, the Center for Strategic and International Studies, Ambassador Ernie Preeg did a study in 1992, I think he completed it in 1993, where he came up with a figure of \$50 million of foreign investment. However, the Cuban Government would not let him go into Cuba to actually verify this. He did it using outside sources.

Most of the contracts, as I mentioned in my testimony, most of the so-called investment is in the form of service or management contracts where the Cuban Government turns over property.

Mr. TORRICELLI. Let me ask then, the next point on this being how much foreign exchange do you think that Castro is holding or dealing with at any course in the year?

Ambassador REICH. I do not want to dominate.

Mr. TORRICELLI. Either in dollar amounts or in days of holding?

Ambassador REICH. Let me just give you one figure. As Ms. Gunn mentioned, the difference between 1989 and 1995. In 1989, Cuba's import bill was \$8.2 billion. And this is an indirect way of getting at your figure on foreign exchange. So Cuba imported \$8.2 billion. People are now saying that those were the golden years.

Cuba had declined consistently over the previous 29 years of Communist rule, just like all of the other Communist countries had.

But since 1989, they have declined from \$8.2 billion to \$1.7 billion in imports, an 80 percent drop. If Castro had more foreign exchange than that, he would certainly use it to buy oil or other imports.

Mr. TORRICELLI. Finally, Mr. Chairman, if I could.

Could somebody estimate what they think the sugar crop is likely to be this year, what people are forecasting?

Ms. GUNN. I think that everyone is in agreement that it is going to be under 4 million tons. And that is catastrophic.

Mr. TORRICELLI. Are they therefore in default under their barter and sales agreements for last year on sugar?

Ms. GUNN. They are not yet, because they have been able to do some arrangements by which things are rolled over. But there is a danger that they could be.

Mr. TORRICELLI. Thank you.

And thank you, Mr. Chairman.

Mr. BURTON. One of the things that was in that Time article that was pointed out by Ms. Ileana Ros-Lehtinen was that executives from such companies as Hyatt, Marriott, Merck, and Eli Lilly have been seen around Havana, and that there was a possibility that they might be investing or contemplating investing.

Do you have any evidence that American companies are about to invest or have invested recently in Cuba?

Ms. GUNN. The fact that one is seen in Havana does not mean that one is either about to invest nor that one has violated the embargo. As you are aware, since the beginning of the embargo, United States corporate executives have been allowed to go to Cuba on a fully hosted basis. The embargo applies to the spending of United States funds in Cuba. It does not apply to the physical location of one's body.

My understanding is that the executives of at least some of these companies, I am not familiar with the cases of all, but some of them have been in Cuba on a fully hosted basis. Therefore, while the members of the committee might disagree with the moral implications of that visit, the legal implications are not problematic. If it is fully hosted, it is legal under the embargo.

Mr. BURTON. I was not asking whether or not it was legal or illegal. I was merely asking whether or not there is any indication that these American companies that are mentioned or others have contemplated investing or have invested in Cuba?

Ambassador REICH. Mr. Chairman, as you see from the introduction and from the list of witnesses, I am president of a nonprofit association of U.S. companies. This is not my full-time job, but something that I have taken on on a part-time basis. An association of United States companies, major companies, I will be happy to give you a list of the companies, that are very interested in doing business with a free and democratic Cuba, once that is not only allowed by United States policy but also when all of the conditions exist.

Some of the companies, they are mostly Fortune 500 companies. The American International Group, Ameritech, Annheuser-Busch, Bacardi, Barnett Banks, Bristol-Myers, Chiquita Brands, Chrysler,

General Motors, Ford, Coca-Cola, et cetera, et cetera, Colgate-Palmolive. These are large companies.

I can tell you that they are companies that are familiar with the potential of the Cuban market. But they have signed on to a mission statement that very clearly says that they support current U.S. policy designed to bring out a democratic change with guarantees for freedom and human rights under the law.

I would imagine that most companies, almost all companies, in the United States, would abide by those principles. It could be that some people may not be aware of the law, or are sending people to Cuba to look around, since they are aware of all of the things that we have discussed here today, and the fact that the Cuban Government simply cannot remain the way that it is for much longer. And they expect that at some point it is going to be open for business. It is not now.

Mr. BURTON. Was Hyatt-Marriott, Merck, or Eli Lilly on your list?

Ambassador REICH. No, sir.

Mr. BURTON. Not on that.

Ambassador REICH. No.

Mr. BURTON. Thank you.

Mr. FALCOFF. I think that this is all speculative. But it occurs to me that what could be going on is that the Cuban Government expectations of these visits, and indeed the way that it is being treated in the American media, and the actual motivations of the businessmen could be quite different. The businessmen or businesswomen might be going there thinking, "Well, the regime is not going to last very long, it is on its way out, let us go take a look. Once it is all over with, the embargo will be lifted, and this will be interesting."

While the Cuban Government officials who are hosting them are I suppose hoping that they can convince them the other way. I read the Cuban media quite carefully. And lately, for example, I just read that our former chief of the section in Havana, Wayne Smith, was in Cuba again explaining to the Cubans that he did not think that it would be very long before the embargo would be lifted regardless of President Clinton and regardless of the Congress. That like the first year, there would be \$7 billion worth of business for the United States.

I am sure that this repeats what he has been told by Cuban Government officials, and presumably they tell this to the businessmen. It seems to me that this is what is going on.

Mr. BURTON. Let me just tell you that this Congress ain't going to let that happen.

Ms. Ros-Lehtinen.

Ms. ROS-LEHTINEN. Mr. Chairman, in the interest of time since we have a vote, I just wanted to point out, especially since this is being broadcast on Radio and TV Marti, what a sweet interruption it is to have votes, and it is part of our democratic process. And it is very interesting that the people of Cuba who are listening right now understand that democracy works, that the bipartisan spirit is alive and well certainly on this subcommittee as it relates to United States-Cuba policy.

And I just wanted to have a word of encouragement to Ambassador Reich. I know how tough it is in this time when we hear all



of these reports from the liberal press; and we are trying to entice U.S. business to fight this embargo and telling them that they are missing out on a lucrative market, a market which does not exist, how tough it must be to fight against that liberal tide which so strongly seeks to lift the embargo.

And I want him to know that there are many of us, not only this subcommittee, but in the U.S. Congress who truly understand the value of the embargo, and will work with him in making sure that our United States companies understand that it is not only the morally correct thing to do, but economically sound for them to wait until there is a free and democratic Cuba.

Ambassador REICH. Thank you. If I may add something to that. I was contacted by Time. I have talked to Time magazine correspondents—not for this particular article, but one of the correspondents who did the story—and USA Today, which are two of the publications that have recently had articles along the lines that we have been talking about here, about why are American companies losing out on this.

Neither publication mentioned the fact that they had talked to us, or mentioned the fact that there is an association of companies that are interested in doing business with a free, democratic, and free market Cuba. I just wondered what ever happened to journalistic objectivity.

Mr. BURTON. That is the liberal bias.

Mr. Menendez, who is a valuable member of this committee and who has worked very hard, and who just got back from Guantanamo with us.

Mr. MENENDEZ. Thank you, Mr. Chairman.

I want to commend all of the panel, who put a lot of time into their testimony. And I often read, although I do not often agree, but I often read of the different reports that you have all issued, and articles and whatnot.

I would like to ask Ms. Gunn. You know, you made some very interesting statements, statements that I have made. That Fidel Castro has done this “against his will” was your quote. Not because they want to, but because of economic survival.

Does that not argue in favor then that creating necessity is what creates change in Cuba?

Ms. GUNN. Your argument is partially correct. Absolutely. If there were not the collapse of the Soviet Union, if the subsidies had not been removed, then Fidel Castro would not have adopted any of these changes. So you are absolutely correct. Economic pressure is an essential ingredient to bring out economic change, which I believe is an essential prerequisite to move hand in hand with eventual political change.

However, in the Cuban case, there would be massive economic pressure on Fidel Castro to change, whether the embargo were in effect or not. The Cuban economy has ground down to such a level, that even if the embargo were lifted tomorrow, Castro would have to continue with major economic reforms in order to attract sufficient investment to pull the country back together.

Furthermore, I and many like me do not call for a unilateral lifting of the embargo. What we called for is a policy, call it constructive engagement, I call it communication, which is to continue with

a policy of vigorous pressure on human rights, maintaining most of the embargo, while one held out the promise of relaxation of certain aspects of the embargo in return for certain changes in behavior on the part of the Cuban Government.

Mr. MENENDEZ. Let me ask you, on what basis do you conclude that unless the United States pursues what I would describe as a conciliatory policy toward the Castro dictatorship that a bloody conflict would ensue if only Fidel Castro has the arms and hands, who would make it bloody?

Ms. GUNN. The prospect of civil conflict in Cuba is very serious. Yes, the Cuban Army does have arms under its control. However, we saw by the riots that occurred in Cuba last year that violence and bloodshed can occur quickly and easily under this atmosphere of high tension.

I can imagine that if there were riots of the level of last August repeated elsewhere on a larger basis and not able to be brought under swift control, that by one way or the another individuals opposed—

Mr. MENENDEZ. Get what under control?

Ms. GUNN. Excuse me, may I finish? Individuals opposed to the Cuban Government.

Mr. MENENDEZ. In what fashion?

Ms. GUNN. Individuals opposed to the Cuban Government would find a way to fight back. The danger that I then see—

Mr. MENENDEZ. Ms. Gunn, let me just interrupt you for a moment.

Brought under control by what fashion? You said that if they could not be brought under control. By what fashion?

Ms. GUNN. You are asking me how violence would occur. I am saying that violence would occur if you have riots breaking out, and they are not brought under control the way that they were last August.

Mr. MENENDEZ. Can you and I agree on one thing, or two things. Let us see if we can agree on two things. That Fidel Castro wants to stay in power?

Ms. GUNN. Absolutely.

Mr. MENENDEZ. And that he has the guns in Cuba?

Ms. GUNN. He has the guns in Cuba. But they would not necessarily remain solely in his hands.

Mr. MENENDEZ. Let me ask Dr. Falcoff. Ms. Gunn and others have raised the questions of change or reform, however you want to phrase it, about the farmers markets and the agriculture.

Have we not seen this before?

Mr. FALCOFF. We have seen it before under rather different circumstances, where the Soviet-Cuban arrangement was still in force. But Castro nonetheless tried this, and he became disturbed by the pockets of private wealth that were growing in the society. I believe that this was in the mid-1980's or early mid-1980's. I have forgotten the exact date. And he yanked it.

Ideologically, I think we all agree, ideologically this is repugnant to Castro. So he would not do it, if he did not have to. And he has reversed himself on this issue before.

Now whether in the current environment he could do that, I really do not know. My understanding oddly enough is that Raul Cas-

tro, his brother, forced this reform upon him, which given my perception of Raul Castro almost but not quite makes him less a heavy than Fidel.

Mr. MENENDEZ. I know that we have to go for a vote, but does it not again argue for the question that necessity creates change?

Mr. FALCOFF. Well, let me go a little further, Congressman Menendez. I know you have to go. But it seems to me that the model, and this has been told to me even by Cuban Government officials, is not something that I just dreamed up. The model is China. The idea is that the United States would normalize relations and disengage from the political side, and allow the Government whatever mix of economic factors it needed in order to stay in power.

Mr. MENENDEZ. But there is no necessity, if you have that relationship then; if you create that relationship, you do not create necessity?

Mr. FALCOFF. It is a pin prick compared to the China market.

Mr. MENENDEZ. As I was saying, there is a dramatic difference. If you in fact do that in Cuba, you no longer create necessity, you no longer create change. And you do not create the economic forces that I think we can agree could create political change.

If Fidel Castro, we agree, wants to remain in power, it is amazing to me, and if lifting the embargo as some suggest, and I know you do not totally, is in fact the best course for the United States, why does he make it his No. 1 foreign policy objective?

Ambassador REICH. That is the question that I ask. I think that it should be said by the way, and I agree totally with Ms. Gunn's characterization of what the European and U.N. response to the Helms-Burton bill would be. All you have to do is look at the response to the Cuban Democracy Act. So that has to be weighed in the balance.

Frankly, the Europeans and the Latin Americans have not been very sympathetic to our position on this. I doubt they are going to be. So that has to be put in the balance. The Cuban Democracy Act, which I know you also opposed, was likewise rejected by them.

Now I gather, Ms. Gunn, that you have a somewhat more favorable view of CDA, because we have moved to a harder position.

Ms. GUNN. No. My view of the CDA has not changed. I have always opposed certain portions of it, and supported others. I took that position at the time, and I take it now. I would also say that I believe that the extraterritoriality involved in the CDA was quite minor compared to the extraterritoriality in the Helms-Burton bills. Therefore, we should expect to see a much more vigorous reaction this time.

Mr. BURTON. I thank the panel very much for their comments. I thank Congressman Menendez and Congresswoman Ros-Lehtinen for staying until the very end. We really appreciate your comments. We will take this all under consideration. And this meeting stands adjourned.

[Whereupon, at 4:52 p.m., the subcommittee was adjourned to reconvene at the call of the Chair.]



## APPENDIX

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### PREPARED STATEMENT OF DR. CONSTANTINE MENGES, GEORGE WASHINGTON UNIVERSITY

#### Cuba: a strategy for peaceful transition to democracy

By Dr. Constantine Menges <sup>1</sup>

Since 1959, the people of Cuba have endured the repression, economic failure, and militarization forced upon them by the Castro regime. The unravelling of similar communist dictatorships in Eastern Europe in 1989 seemed to occur suddenly but in fact was the result both of a long struggle by courageous men and women in those countries for political liberalization, and of the positive example set by the successful Western democracies of the modern era.

Castro is determined to retain power not only for his regime, but also for the Marxist-Leninist system he has institutionalized in Cuba. Many believe that the collapse of the Castro dictatorship will come spontaneously. Others think that only massive military action by one or more foreign states could bring an end to the current regime. This discussion will offer a third view and suggest a ten step plan to bring about the peaceful establishment of democratic institutions in Cuba. To put the situation of communist Cuba in perspective, it is important to note that events have shown that the end of

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<sup>1</sup>The author, Dr. Constantine Menges, is Research Professor of International Relations, Director of the Program on Transitions to Democracy at George Washington University, and Editor of the journal, Problems of Post-Communism. His latest book is, Transitions from Communism in Russia and Eastern Europe.

communist rule can lead to four very different patterns of political development which can be conceptualized as follows:

**A definitive process of transitions to democracy and market oriented institutions**, as in Poland, Hungary, and the Czech Republic -- where free and fair elections have resulted in a new parliament, executive and constitution.

**Cogovernance of reform and anti-reform groups** with each controlling different domains of public policy in an unstable process of continuing competition, as in Russia, the Baltics, and Armenia.

**Market authoritarian regimes** as in Romania and nuclear armed Ukraine, Belarus, and Kazakhstan as well as in seven other former Soviet republics. In all nine former Soviet states the republic level communist authorities declared themselves to be the nationalists in 1991 and despite some openness, the genuinely pro-democratic groups are restricted or repressed. These regimes seem to emulate the Chinese example of maintaining a one party state while making some market oriented reforms and seeking to derive significant economic benefits from the West.

**The restoration of full communist rule** as in Tajikistan where the communist hardliners have used violence to take power again while persecuting, imprisoning, and executing pro-democratic and Islamic fundamentalist leaders.

This pattern of post-communist political development observed in Europe makes it clear that the unravelling of a communist regime is only the beginning of a process that may or

may not lead to political democracy and a market oriented economy. History shows that transitions from dictatorship are inherently fragile and reversible, and that the manner of transition often has a significant effect on the ultimate outcome. That is one of the most important reasons why it is necessary to define and implement a peaceful strategy seeking to encourage the transition to democracy.

In 1995, it is reasonable to expect that sometime in the next few years, a transition to democracy in Cuba might be possible. This was not how the world looked ten years ago, and we should recall some of the people who have helped make these historic changes possible: President Reagan, President Bush, members of the Reagan foreign policy leadership team such as Judge Clark, Secretary of Defense Weinberger, Ambassador Jeane Kirkpatrick, the late William Casey, Director of the CIA, and members of Congress who supported President Reagan's foreign policy. It is these individuals, and many others inside and outside the government, who are among those who helped to stem the communist tide and who have helped establish the conditions which permitted the courageous people in the communist countries of Europe to liberate themselves.

This brings me to a fundamental assumption of this ten step plan. I believe that the people of Cuba can and will liberate themselves. I believe it is important for the Cuban people to realize that they will have to liberate themselves, as did the East Europeans. The process of liberation and transition must be

a peaceful one, for humane reasons and for the reasons of democratic reconstruction. It is highly unlikely that the armed forces of the United States or of any other major democracy will participate in the process of transition. The transition, if it is to occur, will have to be accomplished by the people of Cuba with peaceful support from the people, governments, and the democratic institutions of the world who want to see it happen.

It is important to understand that the way in which those pro-democratic Cuban exiles living in the U.S. and other democracies behave now will be part of the beginning of the process of democratic transition. That is, the political means used by Cuban exiles, which I believe should include tolerance, civil dialogue and non-violence among all groups, will set the stage for the beginning of a process of self-government. Cubans abroad can set an example for those brave people in the democratic opposition within Cuba by showing how an elected Cuban government might behave.

With these thoughts in mind, the following are ten steps which I believe can encourage a peaceful democratic transition in Cuba.

1. Information. It is important to continue to speak honestly and often about the nature of the Castro regime and the victims of its internal repression and international aggression. As long as Castro continues the process of aggression through armed subversion, support for terrorists, training of terrorists, and the like, it is important to keep these actions in the public



eye. The broadcast facilities financed by the U.S. government such as Radio Marti, T.V. Marti, and the Voice of America have an important role to play. The international community must be careful not to lose sight of the true nature of the Castro regime, especially its continuing violations of human rights.

2. It is essential to continue the political, economic, and military isolation of the Castro regime. Those democratic countries that adhere to strict guidelines designed to continue Castro's isolation should seek to persuade other democratic countries which do not. This does not mean necessarily the termination of discussions; there are times when dialogue can be useful in opening up a dictatorship. What it does mean, is that any act which gives the Castro regime tangible, material assistance, should be stopped. There may continue to be disagreement over this policy with allies, but it is the correct approach for the United States.

It is important to remember that in 1968 when the United States began discussions with the Castro regime for the normalization of relations, there were no Cuban military forces abroad. When President Carter terminated "normalization" in 1979 there were more than 60,000 Cuban combat forces abroad. Quite clearly, appeasing Castro through normalization of relations did not work.

Castro's actions over the decades since 1959 show his determination and cunning. I believe that as his regime unravels Castro may well become extraordinarily dangerous and might use

any and all available weapons against either the people of Cuba or the against the southeastern United States. As an example of his readiness to use violence in situations of crisis, we now know that in the 1962 Cuban missile crisis, Castro urged the Soviet Union to launch nuclear weapons against the United States.

Fortunately, this possibility may not occur because of what I have called the paradox of dictatorship: many long lasting regimes perceived as stable and enduring collapse suddenly when a certain level of popular pressure causes panic among the top echelons of the dictatorship.

3. While isolating the Castro regime it is essential that we find ways to provide material assistance and encouragement to those pro-democratic forces inside the country opposing the regime and working for a peaceful transition. This is permitted under the terms of the U.S. embargo. Humanitarian assistance of various kinds is needed, as is political assistance. Organizations such as Radio Marti, TV Marti, the Cuban American National Foundation, and the radio programs of Cuba Independiente y Democratica have played an important role and should continue to operate on a larger scale. Assistance should be provided not only on U.S. initiative, but on a systematic multinational level as well.

4. It is time for all the major exile groups of Cuba to convene themselves as a parliament in exile. Selected representatives should meet every six months for several days to debate the issues of Cuban governance, to vote on key questions,

and to synthesize the majority decisions and minority dissents, so that there is a written record of the debate on the key issues--political democratization, social policy, the new market-oriented economy, the country's direction in foreign affairs, and policy toward the leaders of the old regime.

5. It is important for the democratic Cuban exile community to candidly discuss and reach decisions on the question of how leaders of the former communist regime will be treated. My suggestion is for a policy that I have called the three "Rs" of peaceful democratic transition: reconciliation, reconstruction, revelation. First, there should be reconciliation and amnesty for everyone including Fidel Castro who - in return for permitting a peaceful end to his regime-- should be given a place of exile, a lifetime pension, and guarantee of no retribution. That would be a small price to pay for a peaceful transition.

In my work on Spain's transition to democracy in the late 1970s, I observed the positive effects of this policy of amnesty, and during the 1980s as a member of the Reagan administration, I urged that it be applied in Latin America, including Grenada. Perhaps these examples of what I termed the humane deinstitutionalization of dictatorships helped set the stage for a similar process in Eastern Europe. Second, the reconstruction of civil society means the reestablishment of independent institutions in all areas of life. Third, an objective commission should undertake to fully reveal what the Castro regime did to its own people and what it has done abroad. Those

events have to be talked about openly to commemorate the victims and to lessen the chances of a recurrence.

6. At some point, the time will come for the establishment of a provisional free government of Cuba in exile by all the major exile organizations. Voting procedures perhaps using modern technologies could be established so that a representative selection of people could be chosen for participation under a rotating executive formed by the different exile groups. This government in exile would respond to the parliament in exile as the visible expression of the will of the people of Cuba. This would serve two important purposes: it would provide practice in the process of government; and, it would establish an alternative, international identity for Cuba. From the outset, though, it must be made clear that this transitional governing structure would be temporary and that groups representing the people within Cuba would join at the first practical opportunity.

7. After this free Cuban government in exile begins to function, the major democracies should begin a campaign designed to give it credence and legitimacy, by seeking to grant it observer status at the OAS and the United Nations as is presently enjoyed by other organizations that are not states.

8. There should be an international campaign led by the U.S. and the major democracies to withdraw diplomatic recognition from the Castro regime and to remove it from the U.N. and other international organizations. The time for this would come when the situation in Cuba shows that the Castro regime is weakening and the people need signs of international support.

9. There will come an appropriate time for the leading democracies to confer formal diplomatic recognition on the free Cuban government in exile. These countries should conduct a

campaign of political persuasion to obtain recognition from large numbers of additional governments throughout the world.

10. Once a majority of members had recognized the free Cuban government in exile, it should receive formal diplomatic recognition by the Organization of American States and the United Nations as the Free Cuban Government in Exile. These last two steps should be taken in full understanding that they would, in essence, constitute acts of international endorsement for a transitional government representing the internal and external Cuban groups that would pledge to conduct free and fair elections.

I believe the people of Cuba seek freedom and a peaceful political process to achieve it; they do not want a new dictatorship of the right or the left. Actions along the lines of these ten steps can help the leaders of the Cuban exile community set the positive example which will gain the support of the Cuban people and of democratic governments. There can be a free and democratic Cuba in the not too distant future.

PREPARED STATEMENT OF JORGE MAS CANOSA, CHAIRMAN, THE CUBAN  
AMERICAN NATIONAL FOUNDATION

Mr. Chairman, distinguished members of this subcommittee, I would like to thank you for the opportunity to appear before you today to talk about Cuba and U.S. policy towards that enslaved island. Before I begin, however, I would like to especially congratulate you, Mr. Chairman, for your assuming the chairmanship of this subcommittee, one that has become so critical and important -- largely through the efforts of your predecessor, Mr. Robert Torricelli -- to the cause of freedom and democracy for the Cuban people.

If the democratic process of our great country calls for a change in the leadership of this Congress, then the Cuban American community could not have expected a dearer friend or someone more devoted to securing Cuba's freedom to assume the chairmanship of this subcommittee than you, Mr. Chairman. I truly believe that, and I also believe, without a doubt, that Fidel Castro is going to soon find out that he is no match for the combined leadership of you, Mr. Chairman, and the ranking member of this subcommittee, Mr. Torricelli, as we pursue our long-sought goal of returning freedom and democracy to our beloved homeland.

We have convened here today to discuss the current situation on the island, as well as U.S. policy, and how best to further our aforementioned goals. As for conditions in Cuba, it is very difficult to convey the deprivation and the destitution that Fidel Castro has inflicted on that island. He has taken that once beautiful and prosperous island and turned into an unimaginable purgatory, bereft of soul and spirit, bereft of community, bereft of material possessions, bereft of life -- all so he can maniacally pursue "History's" absolution.

Mr. Chairman, it is by now clear to all but the most devoted sycophants that Fidel Castro's obsession with absolute power precludes him from ever introducing the fundamental economic and political reforms that the Cuban people cry out for. The tepid and lukewarm efforts to slightly liberalize his Stalinist command economy have not been undertaken to improve the lot of the Cuban people but only to sustain his decrepit and outdated dictatorship. Let us please once and for all dispense with all this nonsense about "Reform," "Moving toward free markets," "Mixed economies," and "Cuba: Open for business."

As for U.S. policy, the embargo is working, although enforcement procedures need improvement. Why else would its unilateral lifting become the number one foreign policy priority of the Castro regime? Our unwillingness to grant Castro the credits and loans he so desperately needs is forcing Castro down a road he does not want to travel. Slowly, ever so slowly, he is relinquishing total economic control of the island. Yet I quickly want to add that so far of what we seen is tinkering on the economic margins and not what Cuba needs: and that is political reform.

As I said, Cuban officials themselves -- with their incessant statements -- more than attest to the effectiveness of the embargo as a point of leverage over the Castro regime. Our message to Castro is clear: respect the human rights of the Cuban people, allow them self-determination, and then you can enjoy the benefits of normal diplomatic and economic relations with the United States.

I also wanted to address two last issues, arguments that many are using as to why we need to change our policy towards Cuba. The first is that U.S. trade and travel will succeed where, they say, current policy has failed -- in undermining the Castro regime. They say this is how we won the Cold War; this is how we can defeat Castro.

To be quite blunt about it, I find it to be a scandalous revision of Cold War history for anyone to claim that Western trade and travel somehow brought down communism in the East Bloc. In fact, I challenge anyone to provide one specific example of where that occurred.

Was it Poland? No. Trade, loans, and credit to that communist regime saddled that country with an astronomical debt Polish democrats are still trying to recover from.

Was it Romania? Hardly. The Ceasescu regime enjoyed Most Favored Nation status for 20 years -- and isn't it ironic that the one violent revolution in Eastern Europe occurred in that country.

What about the former Soviet Union? It might be pointed that the height of U.S. trade and travel to the Soviet Union was 1980, the same year Red Army tanks rolled into Afghanistan. A more sober analysis is provided by Russian officials themselves: the recognition that they could not match another arms race with the United States led by Ronald Reagan.

So-called "kindness" didn't kill communism -- it fell of its own weight after the West refused to provide those decrepit regimes with any more financial bailouts -- the kind some are now advocating for Cuba.

Cuba is free to trade with every other country in the world and receives thousands of tourists from Western democracies -- neither have had any discernible impact on changing the nature of that regime. What is so magical about U.S. trade and American tourists that will somehow turn Fidel Castro into a Jeffersonian democrat?

Let's look at what is happening in China, Mr. Chairman. The State Department has just released its human rights report and it shows that human rights in China haven't improved since they received Most Favored Nation Status, they've gotten worse!

The Chinese government continues to abuse and jail dissidents, brutally suppress Tibet, use slave labor to produce goods for export, and has been of absolutely no help in

our efforts to deal with the North Korea problem. And the only time this administration moves to punish the thugs in Beijing? Only when they pirate U.S. CDs and video tapes.

I'm sorry, Mr. Chairman, but that is not my vision for a future Cuba -- where the human rights of the Cuban people are considered not important enough to merit tough reprisals by the United States, but the commercial rights of the U.S. entertainment industry are.

A second argument by opponents of our current policy is the idea that it is in the U.S. national interest for Fidel Castro to remain in power in order to lead a peaceful transition in Cuba -- that in effect we need Castro to help us avoid a possible outbreak of violence in Cuba. YES -- that we need Castro to avoid violence in Cuba.

Ladies and gentlemen, this is regime that has been perpetrating violence against the Cuban people from the very day it seized power -- and this is to say nothing of its violent exploits abroad. Last July, this regime's patrol boats rammed and sank a tugboat packed with Cuban refugees -- men, women, and children -- off Cuba's coast, sending some 40 people to their death. 20 children placed in the hold of the ship to shelter them from water cannons blasting the tugboat drowned -- a mother watched her 10 year old son slip away from her grasp and disappear into a whirlpool created by Castro's patrol boats systematically circling the refugee vessel.

We could fill a room ten times this size with men and women who could testify -- giving names, dates and places -- to the torture, beatings, and other atrocities inflicted upon them by Castro's security forces in the Cuban gulag. Freedom House recently published an irrefutable study on psychiatric torture in Cuba's political prisons.

We could fill a cemetery the size of Arlington's with every Cuban man, women, and child, who has died at the hands of this regime. Whether by firing squad, alone in a dank, dark cell, by emotional distress brought on by the death of a loved one or a separated family, or in the Florida Straits, in a desperate attempt to escape Fidel's Socialist Paradise.

This, Mr. Chairman, is a regime that is going to lead a peaceful transition in Cuba?? This is a regime we need to stay in place to ensure a peaceful transition in Cuba??

Not unless Fidel Castro undergoes a conversion comparable to Paul's on the road to Damascus. And I don't expect that to happen -- nor should we expect -- for the sake of the Cuban people -- that to happen.

Fidel Castro -- and all his friends and supporters that remain in this country -- need to once and for all recognize that he and only he is the obstacle to positive, fundamental change on the island -- and nothing else. U.S. policy is correct in not granting him a reprieve. The only thing we need to discuss with Castro is the terms of his departure --



when, how, and where.

Before I conclude, Mr. Chairman, I wanted to address one last topic: this myth -- helped along by the national media -- that somehow Cuba is open for business and that U.S. corporations are allegedly being "left out." This is nothing but a thinly disguised attempt to recruit U.S. corporations -- by Castro himself and many of his friends here in this country -- to actively lobby against our trade embargo of Cuba, hoping they can replicate the process whereby the embargo of Vietnam was lifted.

What I would like to know is what is so attractive economically about an island ruled by a totalitarian despot who maintains the authority to seize property at will? Where there exist no property rights for the average citizen? Where that citizen earns the average of \$5 a month? Where no Cuban is allowed to own or organize any private economic organizations?

Actually, I will tell you what makes Cuba so attractive to those international profiteers who have invested in Cuba and conduct business as usual with its dictator: forced and slave labor; no independent labor unions; no right to strike; you get to deal with a regime that can make you any offer -- no matter how desperate -- because it has no accountability to its people; the local population will not be a nuisance because they have no civil rights, no legal rights, no rights whatsoever.

Their interest can be summed up in one word, Mr. Chairman: exploitation.

I really find it ironic, Mr. Chairman, to see how all these activists and public personalities who have built careers denouncing capitalist exploitation in the so-called developing world have been so deafeningly silent on what is going on in Cuba.

I would like to introduce for the record just this one newspaper article that pretty well sums up what is going on there. It originally appeared in the London Observer and the title says it all: "Cuba: A Paradise, but not for Cubans; Communist island lures dollar bearing tourists to hotels off limits to local residents; vacationers find trips to sandy beaches are cheap, amenities expensive, except for sex." It goes on to label Cuba the "Bangkok of the Caribbean" for its promotion of sex and virgin Cuban women willing to spend a night with a tourist in order to buy the next day's meal.

Recently, a former American ambassador told me of conversation he had in Canada with a Canadian who was investing heavily in Cuba. The ambassador asked him how he could justify morally his extensive business dealings with the Castro dictatorship. The Canadian's answer? "Morality has nothing to do with my business decisions."

Where is the outrage, Mr. Chairman? Canadian raping the island of its mineral resources and polluting its delicate environment; Spaniards embracing tourism apartheid, while tourists -- when they are not defiling Cuban women -- are ferried about in Japanese

cars denied the Cuban people, who are sold bicycles by the dictator; Mexicans also shipping their pollution-laden oil refining business to Cuba; every single one of them profiting off the poor, isolated Cuban citizen.

Well, the outrage is right here, Mr. Chairman. Cubans on the island may be powerless to oppose these deals, but free Cubans aren't. We are committed to doing all in our power to disrupt this profiteering on the misery of the Cuban people. I would like to submit for the record what we call "Cuba's Hall of Shame" -- a list of companies from Canada to the United Kingdom to Latin America that are investing in Cuba or conducting business as usual with the Cuban tyrants.

These are blood deals, Mr. Chairman. These contracts are inked in the blood of every Cuban man, woman, and child who has died at the hands of this despotic regime since 1959. They are contemptuous of the pain and sacrifice endured by 11 million Cubans, both on the island and in exile. And I will promise to you today, Mr. Chairman, that as long as I live, as long as the Cuban American National Foundation exists, we will work -- *we will work* -- to see, to ensure, that when the dawn of democracy finally arrives in Cuba, each one of these deals will be rendered null and void by a new, democratic Cuban leadership -- and those profiteers will be run out of town one step behind the torturers and executioners of the Cuban people.

That is my promise. And I encourage the U.S. Congress, Mr. Chairman, to join us in our effort to expose and punish any company with the blood of the Cuban people on its hands.

In conclusion, Mr. Chairman, I would like to thank you for convening this hearing. I would like to thank you, and your predecessor, Mr. Torricelli, for providing these forums that have given a voice to the voiceless, the people of Cuba, that have given them a measure of respect and dignity that has been denied them by Fidel Castro for more than three decades. Your contributions to a free and democratic Cuba are known to them through Radio Marti and the radio station of the Cuban American National Foundation, and I have no doubt will be known to their children and to generations of Cubans who will surely be living as free men and women.

Thank you very much.

PREPARED STATEMENT OF MARK FALCOFF, RESIDENT SCHOLAR, AMERICAN  
ENTERPRISE INSTITUTE

Mr. Chairman, distinguished members of the Subcommittee on the Western Hemisphere:

I am honored to respond to your invitation to share some of my thoughts with you this afternoon on the Castro regime in Cuba as it enters its thirty-sixth year. The survival of Communism on the island, long after it has disappeared in the Soviet Union and Eastern Europe, is a matter of concern to all of friends of freedom, not just those of us in the United States. But given the island's geographical location, Cuba's internal problems and prospects are of greater relevance to this country than to any other.

For in spite of elaborate claims made on behalf of Cuba's quest for sovereignty and independence, almost everybody--from the long-suffering Cuban people themselves, to Cuba's neighbors in the circum-Caribbean and beyond--expects the United States to shoulder the lion's share of the costs and responsibilities issuing from the eventual collapse or implosion of the Castro regime. The United States therefore has a legitimate concern and possibly also a genuine responsibility to think through the consequences of end-game, which--given the unassailable facts of human biology--is bound to come sooner or later.

Let me begin by emphasizing two points.

First, the longevity of the Castro regime should not dazzle us. It is neither unique nor--given regional standards--all that impressive. It in no way establishes either the regime's legitimacy or its prospects for perpetuation beyond the life of the dictator. Actually, many authoritarian regimes in twentieth-century Latin America have endured well into three decades--that of Generalissimo Rafael Trujillo in the Dominican Republic, that of General Alfredo Stroessner in Paraguay, and in a dynastic sense, that of the Somozas [Anastasio Sr., Luis and Anastasio Jr.] in Nicaragua. None have survived their progenitors.

There are, of course, some differences. Castro possesses an ideology--although of late it has shifted somewhat in content. Until recently he had a powerful international patron willing not only to protect him militarily but to subsidize him economically. And unlike Trujillo or Stroessner or Somoza, Fidel Castro exercises a peculiar fascination over intellectuals, journalists, and academics--people who normally think of themselves as enlightened and liberal, and who would find this sort of regime in some other part of the world worthy of censure rather than extenuating apologetics.

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Stripped of its ideological and cultural trimmings, however, the Castro regime is a typical, or rather, archtypical version of the traditional Latin American dictatorship--in the sense that it remains a one-man show. One man still makes all the crucial decisions, and determines who lives and who dies, who is jailed and who goes free, who eats, and who does not. Moreover, in spite of all the talk of generational renewal, after thirty-five years the revolution is still not institutionalized. There is no clear order of succession. While the dictator's brother Raúl, commander in chief of the Cuban armed forces, is widely regarded as his heir-apparent, not many people think that he possesses the qualities necessary to hold together an increasingly dysfunctional revolutionary "family".

Second, Castro seem peculiarly uninterested in validating his continuing rule by testing it in a plebiscite such as the one convoked by General Pinochet in Chile some seven years ago. One cannot help wondering why. After all, if--as we are so often told--Fidel Castro is still the best, last hope for Cubans, he should have no trouble winning such a contest, particularly since (unlike Chile) there would be no obvious and immediate alternative, and (again, unlike Chile) his government possesses a total monopoly of the print media and (excluding Radio and TV Martí) a monopoly of the electronic media, controls the distribution of all essential articles of daily consumption, and (once more, in contrast to Chile) is in command of the only organized political force on the ground.

To win a plebiscite--even one whose ground rules were predetermined and organized to Castro's own convenience--would be a devastating blow to the United States and to the enemies, domestic and foreign, of what he likes to call the Cuban revolution. Why, I ask again, does he hold back? Perhaps he knows something we do not.

The only thing Chilean which seems to interest Castro these days are the tactical skills which have permitted General Pinochet to survive beyond the writ of his own regime; he spent the better part of a night going over this point not long ago with a friend of mine, a conservative Chilean congressman who was visiting the island with his wife and son. This is of a piece with his fascination with Spain's Generalísimo Francisco Franco, who more than any other Latin leader, is Castro's current model. As Paul Preston has explained at great length in his recent masterly biography of the Spanish dictator, Franco's survival for nearly forty years was based on a combination of ruthlessness, dissimulation, capacity to continually divide his followers as well as his opponents, and above all, great skill at manipulating

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foreign sources of weaponry and financial assistance.<sup>1</sup>

Like Franco, too, Castro's number one priority these days--the one to which all others are subordinated--is his desire (and in a certain sense, even, his need) to rule his country until his death. What happens to Cuba after he is gone is of no great concern to him. The imperatives of survival in power do have the capacity, however, to focus his mind wonderfully. They have also led to some new and unexpected tactical ploys. Lately he has become willing to compromise on many marginal issues, as I am sure you will hear today from other witnesses. But his overarching purpose remains firm, central, unyielding. How does he propose to achieve it?

First, by getting the United States to lift its economic embargo. The importance of this can hardly be exaggerated, since at this point Castro has virtually exhausted his credit with the Western Europeans, the Japanese, even the Latin Americans, and has nowhere else to turn.

With the embargo gone, Castro would gain access to a whole new universe of credits from American private banks. It would also make him eligible for a range of soft loans to finance the purchase of U. S. agricultural products, presumably guaranteed by the U. S. taxpayer (much as Saddam Hussein was able to do in the runup to the Gulf War). It would allow him access to loans from the multilateral banks and membership in the International Monetary Fund. Such "constructive engagement" has prolonged the life of more than one Communist regime--witness the role of Western banks in bailing out the Polish dictatorship in the late 'seventies and early 'eighties. Indeed, Cuban officials themselves often make reference to China or Vietnam, two Communist regimes which have lately found ways to exploit the apparently limitless gullibility of Western financial elites.

To be sure, over the longer term, Castro's Cuba would not be a particularly good credit risk. But it would be some years before it have to declare default, and once it did, there would be no real recourse. In the meanwhile, Castro could postpone political reform--and meaningful economic reform--indefinitely.

Second, once the embargo is lifted and U. S. businesses begin to operate in Cuba, Castro could anticipate the emergence of a new constituency here in Washington to line up behind the regime whenever it is embarrassed by its human rights violations, and also to explain away its lack of progress towards political democracy. Castro can offer cheap labor, a reasonably educated work force, and no independent unions; in exchange, he hopes to obtain some of this city's best (and most expensive) forensic talent representing some

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<sup>1</sup>Paul Preston, Francisco Franco, A Biography (New York: Basic Books, 1994).

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of our larger multinationals to argue his case before Congress and whatever administration happens to be in power.

A word here about the debt-equity swaps and other deals which the Cubans are now offering the Mexicans, Canadians, Spaniards and others. No doubt many businessmen in these countries imagine that they are getting in on the ground floor of a bonanza, since presumably they will be in place when the embargo is lifted, having bested their American competitors by slipping in beforehand. Leaving aside the question of whether a post-Castro government will validate these contracts--a very big question indeed--it is obvious that until and unless the embargo is lifted, these investments are not likely to be profitable. Castro's major purpose in opening these industries to non-U. S. investors would seem to be less economic reactivation than to convince the American business community that it is missing out on the fire sale of the century, and goad it to pressure our government to lift the embargo. So far this tactic has not proven particularly successful, although to judge by the latest issue of Time magazine, our journalists are already beginning to pick up the theme to advance it.<sup>2</sup>

Third, by expanding the range of contact with foreign businesses, Castro hopes to buy the continued loyalty of his armed forces by cutting them into the new joint ventures. Presumably, this would insulate the Cuban military from the consequences of the island's economic decline, and therefore neutralize it politically. Whether this is really possible in the absence of a U. S. component remains to be seen, but at any rate, the strategy is quite clear.

One might well ask why it is that Castro is so certain that lifting the embargo will strengthen his hold, rather than undermine it? After all, the United States was always an enormous pole of attraction for ordinary Cubans, and presumably would remain so. Can Castro survive thousands of American tourists, and the impact of renewed U. S.-Cuban trade? The answer, I submit, is that Castro intends to manage the new relationship in such a way as to minimize the ripple-effect of increased contact. Even today, ordinary Cubans have little or no contact with (far less potentially subversive) tourists and businessmen from Mexico, Canada, Spain and elsewhere. Many tourist centers in Cuba are isolated along the island's periphery, and the access roads to them forbidden to ordinary Cubans, even on bicycle.

Normalization of relations with the United States does not mean a return to the pre-1959 status quo. Cuba can never again occupy a quarter of our market for imported sugar, since its quota has been divided up among many other countries. American investment can never be as central in a command economy. Above all, given the

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<sup>2</sup>See particularly J. F. O. McAllister, "Will a Tighter Embargo Really Bring Down Castro?", February 20, 1995.

## Prepared Statement of Mark Falcoff-

overriding political objectives of the regime, the wider impact of economic liberalization will be extremely limited--because it must be. To assume that it would acquire its own momentum, overruling and engulfing the regime, is to descend into a kind of crude economic determinism of which Castro himself--to whom I do the honor of taking seriously as a Marxist--would never be guilty. If Castro believes that he can survive and flourish in a post-embargo environment, the question we ought to be asking ourselves why that is, and what policies ought to follow from it.

Thank you for your attention. I look forward to your questions.

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Testimony of Gillian Gunn

Director of the Cuba Project

Georgetown University, Washington D.C.

February 23, 1995

House Committee on International Relations

Subcommittee on Western Hemisphere

The policy shifts advocated in the Helms and Burton bills will damage U.S. interests regarding Cuba whether they contribute to Castro's overthrow or not. Equally seriously, the bills will hurt relations with important allies, may well trigger a coordinated European campaign against U.S. Cuba policy, and will erode U.S. ability to influence Russia's nuclear policy. Furthermore, the bills will isolate the United States at the United Nations and restrict Washington's ability to consolidate a more amenable Cuban government should political change come to Havana in the future. Finally, unlike the Torricelli bill which tightened the embargo on Cuba in 1992, the Helms and Burton bills have no "track two" provision to relieve the suffering of the Cuban population or enhance their ability to communicate with the American people. This makes it easy for the Castro government to present the U.S. as acting with callous disregard for the welfare of the Cuban populous.



## A) If Castro Survives

If the bills are passed, they will probably not lead to the overthrow of Fidel Castro. Academic fieldwork conducted on the island suggests that Cuba's repressive apparatus is still efficient and loyal, and the ruling group remains unified. Should economic conditions on the island deteriorate significantly, as the bills' sponsors apparently wish, the most likely result will be a lowering of the standard of living. In light of the intense repression facing the regime's opponents, the population will probably not respond by organizing revolt, but by seeking to flee. This would lead to a new wave of rafters trying to reach the United States in unseaworthy vessels.

Fidel Castro will also use the bills to revitalize his "scapegoat strategy," through which he blames Cuba's economic woes on U.S. policy. This argument had been wearing thin with the Cuban people in the early 1990s, and they increasingly held the Castro government responsible for the nation's troubles. Should these new bills pass the scapegoat argument would appear far more credible to the ill-informed Cuban people.

An increase in out migration pressure associated with a further fall in the standard of living would have serious consequences for the United States. If Castro concludes he cannot control the flow without regime-destabilizing loss of life, he could well relax border vigilance as he did in August 1994. U.S. government sources estimate about 2 million Cubans wish to leave the island. If even a fraction of these seek to enter the U.S. by raft, the strain

placed on government resources will be horrendous, and the problems at Guantanamo Naval base will be severely exacerbated.

#### B) Guantanamo Base

The current situation at Guantanamo is already bad enough. As of 14 February 1995 there were 24,283 detainees at the base, and an additional 2,089 awaiting return to Guantanamo from Panama by March 6. Maintaining these detainees is costing the U.S. taxpayer approximately \$200 million per year.

Each of the policy options available to solve the Guantanamo crisis has severe negative side effects, both in terms of human rights and U.S. interests. If the numbers of detainees increase following another surge in boat people, the magnitude of the difficulty will grow.

One option is to admit the detainees into the United States on a humanitarian basis. This would entail significant economic costs in social services and resettlement arrangements. Such a policy could also exact a domestic political price. Anti-immigrant sentiment is growing in Florida, as reflected in the state legislature's consideration of a bill similar to California's Proposition 187. The support for Senator Simpson's proposal to repeal the Cuban Adjustment Act of 1966 underlines this anti-immigrant mood in the country at large. Political leaders who admit large numbers of Cuban refugees could well find themselves paying for that act of generosity at the ballot box.

Even more seriously, a decision to admit the Guantanamo

detainees would "re-magnetize" the U.S. Many Cubans would assume the U.S. had returned to the pre-August 1994 rules, when asylum was provided to virtually all Cuban refugees. Cubans would either attempt to make it to the U.S. on rafts, or try to directly enter the U.S. base at Guantanamo. The base is ringed with land mines and guarded by armed U.S. and Cuban soldiers. An effort to crash the gates would present a major safety problem both for U.S. personnel and for the refugees themselves.

A second option is to send the Guantanamo detainees back to Cuba, and have them apply for visas via the new system established as part of the accord that ended the 1994 migration crisis. (Under the accord Washington only accepts visa applications at the U.S. Interests Section located in Havana.) However, the vast majority of the current Guantanamo detainees do not have the requisite family ties to qualify for visas in the normal way. They would therefore be competing for one of the 6,000 slots per year distributed on the basis of a lottery. Over 200,000 Cubans have already applied for the current year's quota of lottery slots. Therefore the likelihood that the Guantanamo detainees would get to the U.S. via this route is minimal.

There is also the thorny matter of convincing the detainees to return to the country from which they fled. While some might return if their welfare were monitored by a trusted group, such as the Catholic Church, some are so fearful of retribution they would physically resist repatriation. The distasteful moral implications of such a policy, and the negative response it would elicit from

important sectors of the U.S. electorate, also have to be considered.

One variation on this policy is the suggestion that the U.S. Interests Section establish an office just outside the Guantanamo base in Cuban territory. The detainees could be temporarily transported to the office, submit their applications and then return to the base. This would resolve the problem of forced repatriation, but in light of the large numbers of visa applications already registered with the Section, only a very small portion of the detainees, if any at all, would be able to enter the U.S. via this route.

Another option is to simply leave the detainees in Guantanamo indefinitely, only admitting children and their families, elderly people and the ill. Indeed, this seems to be the policy adopted to date. This policy has serious security and human rights flaws.

First, there is the danger of riots. The December 1994 riots at the Panama facilities illustrated that these detainees are capable of inflicting considerable damage. Since children, accompanying family members and the elderly have been admitted to the U.S., the population in Guantanamo is now primarily unaccompanied males between the ages of 25 and 45. This is a self-selected group composed of individuals with sufficient courage and audacity to brave dangerous seas in 1994. Clearly, these are conditions conducive to riots. Since the U.S. forces received serious injuries at the hands of rioting Cubans in Panama, security at Guantanamo has been increased. Should a disturbance occur now, it is likely

that detainees, rather than U.S. soldiers, would be hurt.

Second, there is the human rights difficulty. By what right does the U.S. hold citizens of a foreign country in an offshore naval base? What portion of those detainees have a genuine fear of persecution should they return to Cuba, and therefore should be eligible for political asylum? And in the domestic political sphere, how long will these detainees' U.S. resident relatives accept what they term "concentration camp conditions"?

A final option frequently discussed is third country refuge. This would entail convincing other countries to accept the Guantanamo refugees either for permanent resettlement, or for detention in camps. Though the Clinton administration has tried valiantly to convince other countries to accept refugees since August last year, only a handful have been resettled. The December riots in Panama have virtually guaranteed that no other state will wish to host detention facilities on its soil.

Clearly, a serious policy dilemma is presented by current conditions at Guantanamo. If the U.S. Congress tightens the noose on the Cuban economy via the Helms and Burton bills, and out-migration pressure grows, the difficulties associated with Guantanamo will increase proportionately.

#### C) If Castro Is Overthrown

If the Helms and Burton bills do contribute to the overthrow of Fidel Castro, U.S. interests would still be in jeopardy. A sufficient portion of the Cuban military is likely to remain loyal,

if only because it fears retribution at the hands of a successor regime. While Castro's support has radically declined over the last five years, at least 10% of the population is willing to defend the regime. Castro has made elaborate contingency plans for such an event, and will not go without a fight. The violence associated with such a civil conflict would increase out-migration pressure by an order of magnitude, destabilizing not only the state of Florida, but also other nations in the Caribbean. It is entirely plausible that Cuban Americans with U.S. citizenship would go to the island to assist the rebels. If one or more were killed, pressure would build on the President to authorize U.S. military intervention. Long standing objections to U.S. Cuba policy in the international community would make it nearly impossible to build multilateral support for such a measure. The tenacity, training and equipment of the pro-Castro faction would make it very hard to stabilize the situation. The inevitable loss of U.S. soldiers' lives would quickly erode U.S. popular support for the intervention, and Washington would be stuck with a domestically unsustainable foreign initiative.

The legacy of internecine acrimony and nationalistic resentment associated with such civil conflict and U.S. intervention would not create a context conducive to the building of a stable, democratic Cuba. As illustrated elsewhere, political change brought about by violence usually begets still more violence and polarization, rather than the spirit of tolerance and mutual understanding necessary to build a pluralistic society.

So even if the framers of the Helms and Burton bills "won", U.S. interests would suffer. To best protect U.S. interests and avoid massive out-migration pressure, the U.S. needs to facilitate a "soft landing" in Cuba, with precautions taken to avoid violence and instability. Nothing in the pending legislation is likely to achieve such a peaceful end to the Castro era.

#### D) Damage to Relations with Western Trading Partners

Apart from the pending legislation's negative impact on U.S. interests regarding Cuba, the bills would also seriously injure U.S. relations with important Western trading partners.

The legislation denies entry to the United States of any alien deemed to have trafficked in Cuba properties previously confiscated from U.S. owners. This includes corporate officers, principals and shareholders of the companies involved, as well as their family members. The bills also make the U.S. property of such individuals subject to civil suit by the original U.S. owner, and prohibit loans or credit facilities to those who have invested in confiscated properties. Finally, the legislation bans importation into the U.S. of sugar, syrups or molasses that are the product of a country which has imported such items from Cuba.

These measures are eliciting a strong negative reaction from important U.S. trade partners. They are considered extra-territorial and a violation of sovereignty. Some trading partners believe the provisions violate both NAFTA and GATT, and may well use the mechanisms in those trade agreements to lodge complaints

against the U.S.

Furthermore, the bills could galvanize Europe into unified opposition to the U.S. policy regarding Cuba. According to European sources, for some time the European Community (EC) has considered establishing a formal cooperation agreement with Cuba. A few European countries had been reluctant to support the idea, both out of concern over human rights violations in Cuba, and due to respect for U.S. views on the matter. If the bills were to pass, European sources say these countries may well become so angry they put these concerns aside and support the cooperation agreement. A number of European groups have already made representations to their own governments, to Washington and to the EC.

Canada is also concerned. On February 10, the day after the Helms Bill was presented to the press, Canada sought formal consultations with the U.S. under the NAFTA agreement on a related matter. "We have concerns with a number of measures taken by the United States which have reduced Canada's access to the U.S. market for sugar and sugar-containing products," Agriculture Minister Ralph Goodale said in a news release. The representation involves a trade dispute pre-dating the introduction of the Helms bill, but the Cuba-related provisions are now likely to be included.

According to the latest statistics available, which cover 1993, fourteen countries both purchase sugar from Cuba and sell sugar to the U.S. They are Belgium, Canada, China, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Portugal, Spain, Sweden and the United Kingdom. In 1993 they collectively bought \$187.7 million



worth of sugar from Cuba, and sold \$352.9 million worth of sugar to the U.S. If the U.S. cancelled orders from these countries, and had to go elsewhere for supplies, the cost of sugar could well go up somewhat, inadvertently aiding Cuba. Furthermore, some of these countries might retaliate by refusing to purchase sugar from the U.S. after Washington cut purchases from them. One country boycotted by the U.S. could purchase sugar from another country boycotted by the U.S., helping each other solve the problems presented by the Helms bill and punishing the U.S. for perceived extra-territoriality. All but two of the countries involved imported sugar from the U.S. in 1993, their total purchases amounting to \$257.1 million. The biggest buyers were Canada (\$172.1 million), Japan (\$45 million) and the United Kingdom (\$15.1 million). Any significant decline in purchases of U.S. sugar would hurt the U.S. sugar industry.

Another unintended consequence of the legislation could be plant closures in the United States. A foreign firm deemed to be investing in a confiscated U.S. property in Cuba could find itself unable to maintain a U.S. facility under the twin pressures of civil suits and lack of credit facilities. Closure of such enterprises could lead to unemployment in certain areas, clearly not the intent of the bill.

#### E) Erosion of U.S. Ability to Influence Russia's Nuclear Policy

The pending legislation requires the President to deduct an amount from U.S. assistance to Russia equal to the funds Russia

pays to Cuba for use of the intelligence facility at Lourdes, Cuba. The payment is estimated at \$200 million. Since the current U.S. aid to Russia is \$379 million, this would cut U.S. aid to Russia by more than half. Moscow says it needs the Lourdes facility to monitor U.S. compliance with nuclear accords, and claims it is equivalent to U.S. listening posts located in Turkey and other states close to Russia.

Apart from the damage caused to Russia's economic stabilization efforts, the aid cut would also diminish U.S. leverage with Moscow at the very time when concern is rising about Russia's nuclear collaboration with countries unfriendly toward the United States. The latest report of possible nuclear cooperation with Iran is particularly alarming. It seems unwise to curtail influence with a country possessing advanced nuclear technology in order to pressure a small state that is no longer threatening the U.S. militarily.

#### F) Isolation of the U.S. at United Nations

The bills call for the President to instruct the U.S. Permanent Representative to the United Nations to seek, in the Security Council, an international embargo against Cuba similar to that imposed on Haiti under Cedras. Such a move would embarrass and isolate the United States. When the General Assembly voted on the Cuban embargo last year the U.S. policy received the lowest level of support recorded to date, and only Israel voted with Washington. It is virtually certain that the Security Council would energetically reject any effort to make the embargo a multilateral

measure.

In fact, such a campaign could actually backfire and generate additional support for Cuba's U.N. resolutions against the embargo. In the past, U.S. allies have tended to abstain from such votes. If the Helms and Burton bills pass, anger about the extra-territorial provisions could well shift abstainers into the "yes" column. In addition, Cuba would have a heaven-sent opportunity to play on the sympathies of small countries fearful of the power of large states, garnering still more votes for its anti-embargo resolutions.

Instead of widening support for U.S. policy regarding Cuba, the provisions of the Helms and Burton bills would publicize Washington's isolation, and hand a propaganda victory to Castro. They would be a metaphorical "own goal," the equivalent of a soccer player inadvertently kicking the ball through his own team's goal posts, handing the other side a free point.

#### G) Restriction of U.S. Ability to Consolidate A Transition Government

The bills lay out such precise criteria for an acceptable transition government they restrict Washington's ability to facilitate peaceful change in Cuba.

The bills describe steps a transition government must take to be eligible for U.S. assistance. Though many of the criteria are entirely reasonable, such as release of all political prisoners, others are problematic. For example, the bills require such a government to make a commitment to reinstate the citizenship of

Cuban born nationals returning to Cuba and to establish a currency that is fully convertible domestically and internationally. Both are sensitive measures which an otherwise well-intentioned transition government might well be reluctant to adopt, or which might threaten the cohesion of a delicately-balanced coalition.

Seldom has the sort of ideal democratic system described in the bills emerged direct from dictatorship elsewhere in the world. Usually there is a messy period of compromise and coalition building. By setting such high standards, Washington may be prevented from consolidating an imperfect transition mechanism which nonetheless is the most democratic option likely to emerge from the political circumstances of the day. Failure to stabilize the imperfect transition government could then permit a less attractive option to emerge victorious from the race for power. The old aphorism, "The perfect is the enemy of the good," certainly applies to this portion of the Helms and Burton bills.

#### H) Why No Track Two?

Unlike the Torricelli bill, the Helms and Burton bills have no provisions to increase communication with or relieve the suffering of the Cuban people, also known as "track two." This is a serious flaw. Inclusion of a track two in the Torricelli bill, specifically the authorization of direct phone service and endorsement of certain types of humanitarian assistance to Cuban NGOs, made it harder for Castro to claim that the bill was intended to hurt the Cuban people.

The Helms and Burton bills would be enhanced by addition of a comparable track two. The most logical option would be to build on the groundwork already established in the Torricelli bill, particularly in the area of NGO assistance. As detailed in the attached essay, there are a small number of genuine NGOs in Cuba, and a larger number of groups which have links to government but have also displayed a degree of independence. These are termed semi-NGOs for ease of reference. There are also NGOs which function purely as fronts for government ministries.

Fieldwork described in the attached essay has illustrated that in some cases outside assistance has strengthened the ability of semi-NGOs to act independently from the state. On the other hand, outside aid has been used by other NGO's simply to strengthen the government's hand. A coalition of European NGOs has adopted a new strategy to cope with this problem. They intend to distribute a small amount of funds to many NGOs, including those which appear to be government fronts. The outside funders will then return a year later and evaluate how the recipients have used the funds. Those which used the donation to become more independent will be given additional resources, and those which did not will be denied additional financing.

When asked about this strategy in an interview last year, the Catholic Bishop of Santiago said, "It is important that a space be created in Cuba, a no man's land where one can do things without having to declare oneself for or against the state. The more the no man's land grows, the better. This strategy would expand that

space." Cuban dissident Gustavo Arcos was similarly questioned about the approach. He remarked, "It is worth running the risk of aiding false NGOs. It would be an investment in Cuba's future civil society, and in any investment there is risk." More detailed information both about Cuban NGOs and this donation strategy is contained in the attached essay.

If the Helms and Burton bills were to add language facilitating U.S. donations to Cuban NGOs, either along the lines of the above strategy or in some other manner, three goals would be achieved. First, the space available for civil society would be somewhat enlarged. Second, contact between the U.S. and Cuban people would expand. Third, the bills would demonstrate that the U.S. Congress opposes only the government of Cuba, and is attempting to ameliorate the suffering of the Cuban people through humanitarian assistance.

Biographical Information: Since January 1992 Gillian Gunn has been the Director of the Georgetown University Cuba Project, located in Washington D.C. She previously worked on Cuba at the Carnegie Endowment for International Peace, and as a Senior Fellow in the African Studies department of the Center for Strategic and International Studies, both Washington D.C.-based institutions. Her most recent publication is "Cuba's New NGOs: Government Puppets or Seeds of Civil Society?", published by the Georgetown University Cuba Briefing Paper Series in February 1995. Among her other work on Cuba is the 1993 book Cuba in Transition - Options for U.S. Policy, published by the 20th Century Fund.

TESTIMONY OF THE HONORABLE OTTO J. REICH  
PRESIDENT, US-CUBA BUSINESS COUNCIL

HOUSE COMMITTEE ON INTERNATIONAL RELATIONS  
WESTERN HEMISPHERE SUB-COMMITTEE  
FEBRUARY 23, 1995

CUBA: COMMERCIAL, LEGAL AND POLITICAL RISK

Recent press stories speculate that Cuba is "Open for Business." Canadian, Mexican and European businessmen are allegedly rushing in. Fidel Castro says that foreign firms are gobbling up so many sweetheart deals that soon "there won't be a grain of sand left for [US companies]."

Lest uninformed US companies be seduced by such false claims, they need to know that such commercial anxiety attacks are unwarranted. When a stable, democratic and market-oriented Cuba opens the door to genuine economic development and commercial opportunity, US companies will be second to none in gaining access to a market of 11 million people only 90 miles from our shores eager to obtain familiar US-brand goods and services. However, until that happens any firm participating in Castro's firesale of assets is building on economic and political quicksand.

Cuba's gross national product has declined by more than 60 percent since 1989. The reason for Cuba's relentless economic decline is simple. Confronted with the elimination of subsidies from the former Soviet bloc, the Castro regime failed to provide the most basic freedoms and incentives necessary for domestic enterprises to grow and people to work.

There is ample evidence to demonstrate that the commercial environment in Cuba is a chamber of horrors. Basic conditions necessary for successful commercial activity in Cuba which are rejected by the current Cuban government include:

\* Rule of Law, Contract Sanctity and Due Process. The Cuban constitution vests in the State exclusive control over all economic activity. The Cuban government frequently exercises its authority to control all means of production on the island and consumes any profits from them. Military elites have taken over Cuba's tourism construction, hotel management, agriculture and other industries while Cuba's 160,000 "self-employed" workers are banned from forming private businesses and face stiff prison sentences if they are deemed "unduly wealthy" [Decree Law 149] by the Cuban government. Government penalties against such economic activity are not subject to judicial review.

\* Protection of Property Rights. The Cuban government does not recognize the concept of private property. Pursuant to Article 14 of Cuba's constitution, the state controls ownership of all "fundamental means of production." Cuban law defines no limit on "socialist ownership" and authorizes monopolistic state control over domestic assets. Cuban law prohibits Cuban citizens from owning or investing in private property. Foreign firms are effectively precluded from obtaining majority share of joint venture operations and must secure permission from the Cuban government to engage in any business transaction. In practice, the only mechanism for resolving commercial or contractual disputes available to a foreign entity involves recourse to a Cuban government forum accountable to the Cuban Communist Party. Thus, under Cuban statutory and Constitutional law, domestic and foreign investors in Cuba are unable to secure legal title to assets on the island.

The Cuban government provides no constitutional or statutory protection to foreign investors against expropriation without due process and just compensation. Therefore, Cuba presents an unacceptable expropriation risk for investors.

Respect for property rights is a particularly important factor in U.S.-Cuba relations because of the Cuban government's confiscation of properties owned by some 5,911 companies and individuals valued at \$1.8 billion (in 1960 dollars and \$5.6 billion including 6 percent simple interest. By comparison US claims against Vietnam totalled only some \$300 million). This action by the Cuban government was a primary basis for the U.S. government's decision to impose an embargo against Cuba in February 1962. Recent confiscations of foreign investments by the Cuban government, (for example, the takeover of the successful Havana Club discotheque from Spanish joint venture partners) and Cuba's failure to meet joint venture commitments for supplies and infrastructure improvements pose significant economic risks for investors. The Cuban government has also failed to inform numerous prospective investors about joint venture proposals involving stolen properties.



\* Secure Money and Capital Repatriation. The Cuban government subjects foreign investors to severe financial losses when converting investments into the domestic currency. Cuba requires investors to make their investments at the official peso/dollar exchange rate of 1:1. Given that the market value of the peso equals less than .02 US\$, Cuba presents an expensive investment environment. The Cuban government also requires payment of taxes and duties in convertible currency valued at the official exchange rate.

Moreover, the Cuban government cannot ensure that it will be willing or able to convert peso-denominated investment earnings into US dollars at a rate of 1:1 at any future date. On May 2 1994, the Cuban National Assembly authorized the Cuban government to freeze bank deposits of Cuban residents and mandate conversion into Cuban government bonds. The Cuban government would define the peso value of the bonds. The resulting valuation may indirectly constitute a severe devaluation of the Cuban peso.

Cuba provides no statutory or constitutional guarantee to investors that they will be allowed to repatriate capital. The Cuban government has confiscated the bank deposits of numerous domestic and international investors without due process or compensation.

Cuba's lack of capital markets, equity commercial or foreign banks or access to official or commercial credit impedes the development of domestic enterprises and joint ventures and contributes significantly to material and economic risk in Cuba. Meanwhile, the international lending window has been closed to Cuba due to its default on some \$8 billion in outstanding loans to international creditors (not including debt to the former Soviet bloc). Institutional Investor's 1994 country credit rating ranks Cuba 126th among all nations, behind Albania, Ethiopia and Iraq as a credit risk. Multilateral agency officials and international economists advising the Cuban government acknowledge that Cuba has not implemented the monetary, fiscal and institutional reforms necessary to gain access to international lending facilities and initiate advances toward economic stability.

\* Consistent and Uniformly-applied Commercial Laws. The current Cuban Government has frequently revoked economic liberalization measures without notice involving property ownership, taxation, commercial transactions and foreign investment policies, and has subjected foreign investors and domestic workers to arbitrary state actions without legal recourse or financial redress. Upon assuming power in 1959, the current Cuban government eliminated laws which provided equal protection to domestic and foreign investors to possess properties and engage in any form of

industry or commerce.

This discriminatory practice by the Cuban government precludes domestic commercial development on the island and severely limits trade and investment opportunities for foreign investors. Such denial of commercial development and equal treatment under law materially contributes to the substantial economic and political risk of trade and investment in Cuba. The Cuban Government does not permit the hiring of employees by Cuban entrepreneurs, the creation of formal business associations or other essential elements of a private business sector.

\* Basic Labor Rights. Cuba is in violation of International Labor Organization Conventions against forced labor [Conventions 29 and 105 and the UN Universal Declaration on Human Rights, Article 23], child labor [Convention 138], prohibitions against trade unions [ILO Conventions 87 and 98], violations of International Labor Organization conventions on the use of forced labor [Convention No. 29 and 105], and employment discrimination [Convention No. 111]. Cuba requires investors to hire employees through the Cuban Government's national employment agency (Empleadora Nacional) which dictates labor costs to investors as well as employee wage rates and job selection.

Accordingly, Cubans paid in pesos at a peso/dollar rate of 1:1 are subjected to wage confiscation (the market value of the peso is between 80 and 60 to 1 US\$) and labor fees on foreign investors are comparatively expensive. For example, Cuban government agencies controlling labor inputs, charge foreign hotel operators some US\$400 per month for each Cuban worker while paying Cuban workers less than 400 pesos a month (roughly \$5 US dollars).

Recognizing this bleak commercial landscape, the Heritage Foundation's recently published Index of Economic Freedom (which ranks nations based on the level of economic freedom in such categories as property rights, foreign investment, taxation, trade and monetary policy) ranks Cuba as the second most repressed economy in the world, after fellow Cold War holdover North Korea.

**Recent "Foreign Investment" Activity.** Several "foreign investments" frequently touted as success stories by Cuba trade proponents have failed to materialize. Total Petroleum, rather than pursuing oil exploration in Cuba has folded its operations. Unilever, a British-Dutch concern, backed out of a joint venture with Cuban soap concern Suchel after being informed by Procter and Gamble that the deal

involved Procter and Gamble's stolen property. Given the Cuban government's track record in commercial dealings it should surprise no one that Euromoney's 1994 country risk report ranks Cuba behind Somalia as the worst investment risk in the world.

**No Cash on Hand.** The handful of firms willing to brave the considerable commercial and political risks in Cuba must also contend with the fact that Cuba does not have the cash to buy foreign goods. Cuban officials acknowledge that more than three-fourths of Cuban citizens make under \$200 pesos, or, at the real peso-dollar exchange rate, less than \$3 US dollars per month. Cuba's total hard currency reserves have dwindled to less than \$60 million and total export earnings last year barely reached \$1.7 billion - right behind Bangladesh and Sri Lanka. Even essential inputs, such as fertilizer, for Cuba's declining sugar crop are beyond Castro's reach.

Upon closer examination, the few highly publicized "big-money deals" in Cuba are structured to avoid, rather than encourage, foreign investment. In order to limit commercial risks, foreign firms considering entry into Cuba have opted for management contracts devised to avoid actual cash investment in operations on the island, which, in many cases, involve the illegal use of confiscated US property. In 1992, actual cash investment in Cuba - minus all the rhetorical fluff about "non-binding letters of intent" and other promises to consider future deals - totalled less than \$50 million, or less than 25 percent of the foreign direct investment total for 1992 in that economic powerhouse Nicaragua.

Similarly, recently announced Mexican ventures, which have yet to be implemented, such as the telecommunications agreement between the Mexican firm, Grupo Domos, and the Cuban state telephone company, would use forgiveness of some \$200 million of Cuban debt to Mexico as a substitute for foreign investment. Unless Mexico finds an investor with deep pockets to provide technology and resources which Grupo Domos is currently unwilling to commit on its own, this proposed venture will join a growing list of commercial failures on the island. Plans by Mexpetrol and the construction firm, ICA, to upgrade Cuba's Cienfuegos oil refinery have been shelved, and several Mexican ventures operating in Cuba including, a juice-bottling firm Del Valle, and a packaging firm, La Magdalena, have recently been suspended.

Thus, the sum total of "big money deals" in Cuba envisioned by Cuba trade proponents involve Mexican attempts to write-off \$350 million in Cuban debt and a firesale of Cuban mineral deposits to Canadian and Australian firms.

**The Moral Case Against Investment in Cuba.** The most compelling case against commercial involvement by these firms in Cuba is not economic but moral. Putting aside the substantial economic risk of investment in today's Cuba, companies doing business on the island through the use of confiscated property are, in effect, trafficking in stolen property. More fundamentally, the Cuban government is engaged in a broad pattern of human rights abuses which directly impact trade and investment activity. The corresponding atmosphere of resentment and economic instability ensures that companies in Cuba today jeopardize their long-term access to a democratic, market-oriented Cuba.

Well-documented, systematic human rights abuses by the Cuban government include: International Labor Organization conventions on the use of forced labor and right to organize [see "Labor Rights," above]; denial of freedom of speech and press (Violation of The U.N. Declaration of Human Rights ARTICLE 19); denial of the right to freely assemble (Violation of the U.N. Declaration of Human Rights ARTICLE 20); denial basic civil liberties (Violation of the U.N. Declaration of Human Rights ARTICLE 11); Arbitrary Arrest, Detention, and Exile (Violation of the U.N. Declaration of Human Rights ARTICLE 11); denial of equal protection under the law (Violation of the U.N. Declaration of Human Rights ARTICLES 8, 10, & 11); denial of freedom of movement (Violation of the U.N. Declaration of Human Rights ARTICLES 13, 14, 15); political killings and disappearances (Violation of the U. N. Declaration of Human Rights ARTICLES 3, 5, 7, 8, 9, 10, and 11); torture and cruel punishment (Violation of the U.N. Declaration of Human Rights ARTICLE 5); illegal searches and seizures (Violation of the U.N. Declaration of Human Rights ARTICLE 12); religious repression (Violation of the U.N. Declaration of Human Rights ARTICLES 2 and 8); forced labor (Violation of the U.N. Declaration of Human Rights ARTICLES 4 and 23); denial of property rights (Violation of the U.N. Declaration of Human Rights ARTICLE 17); denial of democratic principles (Violation of the U.N. Declaration of Human Rights ARTICLE 21); denial of freedom of education (Violation of the U.N. Declaration of Human Rights ARTICLE 26); and, denial of freedom of cultural activity (Violation of the U.N. Declaration of Human Rights ARTICLE 27).

**Political and Commercial Risk in Cuba.** There are practical implications in this moral tragedy which foreign firms considering the Cuban market must confront. Harsh repressive measures by the Cuban government against its citizens and the denial of domestic access to goods, services and commercial arrangements reserved for foreign tourists and investors have increased the potential for reprisals by the domestic population against foreign companies operating in Cuba. During the August 5, 1994 uprising in Havana, protestors vented their frustration at dollar-stores and foreign operated hotels which are off-limits to Cuban citizens. Similarly, a May 1992 open

letter to foreign investors endorsed by eleven Cuban exile groups which "hope to play a role in creating a new republic in a post-Castro Cuba" asserted that "[foreign] investments made in Cuba under the present circumstances should not benefit from any laws passed by a future Cuban government for the protection of private property..... We feel that these investments should be considered as state property and disposed of accordingly."

Could a multinational firm, particularly a labor-intensive industry, ignore such unpleasant realities in Cuba without courting disaster? The answer is no and the reason is simple - good corporate citizenship is good business for firms seeking long-term commercial success in Cuba.

I do not believe that American companies would want to do business in Cuba under current circumstances. They realize that the best hope for the economic reconstruction of Cuba lies in the restoration of democracy, respect for human rights, private property and individual initiative which the current government of Cuba denies to its citizens. It is my firm belief that the few foreign companies that are doing business in Cuba today are making a bad business and moral decision.



## THE CUBAN AMERICAN NATIONAL FOUNDATION

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### CUBA'S HALL OF SHAME

*Corporations and companies identified in the international press as having entered into commercial and business dealings with the Castro regime or were reported to be in business discussions with Cuban officials.*

#### AUSTRALIA

Western Mining Corp.

#### AUSTRIA

Rogner Group (Tourism)

#### BRAZIL

Andrade Gutierrez Perforacao (Oil)  
 Coco Heavy Equipment Factory (Sugar)  
 Petrobras S.A. (Oil)

#### CANADA

Advanced Laboratories (Manufacturing)  
 Anglers Petroleum International  
 Bow Valley Industries Ltd. (Oil)  
 Canada Northwest Energy Ltd. (Oil)  
 Caribgold Resources Inc. (Mining)  
 Commonwealth Hospitality Ltd. (Tourism)  
 Delta Hotels (Tourism)  
 Extel Financial Ltd.  
 Fermount Resources Inc. (Oil)  
 Fortuna Petroleum  
 Fracmaster (Oil)  
 Globafon  
 Havana House Cigar and Tobacco Ltd. (Cigars)  
 Heath and Sherwood (Oil)  
 Hola Cuba  
 Holmer Goldmines  
 Inco Ltd. (Mining)  
 Joutel Resources (Mining)  
 LaBatt International Breweries  
 Marine Atlantic Consultant (Shipping)

MacDonalds Mines Exploration  
 Metall Mining  
 Mill City Gold Mining Corp.  
 Miramar Mining Corp. (Minera Mantua)  
 Pizza Nova (Tourism)  
 Realstar Group (Tourism)  
 Republic Goldfields  
 Scintres-Caribe (Mining)  
 Sherrit Inc. (Mining)  
 Talisman Energy Inc.  
 Teck (Mining)  
 Toronto Communications  
 Val d'Or (Mining)  
 Wings of the World (Tourism)

#### CHILE

Dolphin Shoes (Clothing)  
 Ingelco S.A. (Citrus)  
 Latinexim (Food/Tourism)  
 New World Fruit  
 Pole S.A. (Citrus)  
 Santa Ana (Food/Tourism)  
 Santa Cruz Real Estate (Tourism)

#### COLOMBIA

SAM (an Avianca co.)(Tourism)  
 Intercontinental Airlines  
 Representaciones Agudelo (Sporting Goods)

#### ECUADOR

Cancy Corp. (Export of Cuba rum)

CHINA

Neuke (Manufacturing)  
Union de Componentes Industriales Cuba-China

DOMICAN REPUBLIC

Import-Export SA (Manufacturing)  
Meridiano (Tourism)

FRANCE

Accord (Tourism)  
Alcatel (Telecommunications)  
Babcock (Machinery)  
Bourgoin (Oil)  
Compagnie Europeene des Petroles (Oil)  
Devexport (Machinery)  
Fives Lille (Machinery)  
Geopetrol  
Geoservice (Oil)  
Jetalson (Construction)  
Maxims (Cigars- owned by Pierre Cardin)  
OFD (Oil)  
OM (Tourism)  
Pernod Ricard Group (Beverages/Tourism Industry)  
Pierre Cardin  
Pompes Guinard (Machinery)  
Societe Nationale des Tabacs (Seita) (Tobacco)  
Sucre et Donrees (Sugar)  
Thompson (Air Transport)  
Total (Oil)  
Tour Mont Royal (Tourism)

GERMANY

Condor Airlines (charters for Lufthansa)  
LTU (LTI in Cuba) (Tourism)

GREECE

Lola Fruits (Citrus)

HOLLAND

Curacao Drydock Company (Shipping)  
Golden Tulips (Tourism)  
ING (Banking)  
Niref (Minerals)

HONDURAS

Facuss Foods

HONG KONG

Pacific Cigar

ISRAEL

GBM (Citrus)  
Tropical (Manufacturing)  
World Textile Corporation S.A.

ITALY

Benetton (Textiles)  
Fratelli Cosulich (Gambling)  
Going (Tourism)  
Italcable (Telecommunications)  
Italturis (Tourism)  
Viaggio di Ventaglio (Tourism)

JAMAICA

Caricom Investments Ltd. (Construction)  
Caricom Traders (Int'l mrktg of Cuban products)  
Intercarib (Tourism)  
Superclubs (Tourism)

JAPAN

Mitsubishi (Automobiles/Tourism)  
Nissan Motor Co. Ltd (Automobiles)  
Nissho Iwai Corp. (Sugar)  
Toyota (Automobiles)  
Sumitomo Trading Corporation (Automobiles)  
Suzuki Motor Corp. (Automobiles)

MEXICO

Aero-Caribe (Subsid. of Mexicana de Aviacion)  
Bufete Industrial  
Cemex (Construction)  
Cubacell Enterprises (Telecommunications)  
Del Valle (Manufacturing)  
Domeq (Export rum)  
DSC Consortium (Tourism)  
Grupo Doms (Telecommunications)  
Grupo Industrial Danta (Textiles)  
Grupo Infra de Gases  
Incorporacion Internacional Comercial (exp beer)  
Industrias Unidas de Telefonía de Larga Distancia  
La Magdalena Cardboard Company  
Mexpetrol (Oil)  
Pemex  
Bancomex  
Mexican Petroleum Institute

Protexa  
 Bufete Industrial  
 Inggineiros Civiles Asociados  
 Equipos Pctroleos Nacionales  
 Telecomunicaciones Internacionales de Mexico  
 Vitro SA (Manufacturing)

#### PANAMA

Bambi Trading

#### SOUTH AFRICA

Anglo-American Corporation (Mining)  
 Amsa (Mining)  
 De Beers Centenary (Mining)  
 Minorco (Mining)  
 Sanachan (Fertilizers)

#### SPAIN

Caball de Basto S.L.  
 Camacho (Manufacturing)  
 Consorcio de Fabricantes Espanoles, Cofesa  
 Corporacion Interinsular Hispana S.A. (Tourism)  
 Esfera 2000 (Tourism)  
 Gal (Manufacturing)  
 Guitart Hoteles S.A.  
 Grupo Hotelero Sol  
 Hialsa Casamadrid Group  
 Iberia Travel  
 Iberostar S.A. (Tourism)  
 Kawama Caribbean Hotels  
 K.P. Winter Española (Tourism)  
 Miesa S.A. (Energy)  
 National Engineering and Technology Inc.  
 Nueva Compania de Indias S.A.  
 P&I Hotels  
 Raytur Hoteles  
 Sol Melia (Tourism)  
 Tabacalera S.A. (Tobacco)  
 Tintas Gyr SA (Ink Manufacturer)  
 Tryp (Tourism)  
 Tubos Reunidos Bilbao (Manufacturing)  
 Vegas de la Reina (Wine Importers)

#### SWEDEN

Foress (Paper)  
 Taurus Petroleum

#### UNITED KINGDOM

Amersham (Pharmaceuticals)  
 BETA Funds International  
 Body Shop International (Toiletries)  
 British Borneo PLC (Oil)  
 Cable & Wireless (Telecommunications)  
 Castrol (Oil)  
 ED&F Man (Sugar)  
 Fisons (Pharmaceuticals)  
 Glaxo (Pharmaceuticals)  
 Goldcorp Premier Ltd. (Manufacturing)  
 ICI Export Ltd. (Chemicals)  
 Newcastle Overseas Ltd.  
 Premier Consolidated Oilfields  
 Rothschild (Investment Bank)  
 Simon Petroleum Technology  
 Tate & Lyle (Sugar)  
 Tour World (Tourism)  
 Unilever (Soap/Detergent)  
 Welcomme (Pharmaceuticals)

#### VENEZUELA

Cervecera Nacional  
 Covencaucho  
 Fiveca (Paper)  
 Fotosilvestre  
 Gibraltar Trading (Steel)  
 Grupo Corimon  
 Grupo Quimico  
 Ibrabal Trading  
 Interlin  
 Intesica  
 Mamploca  
 Mamusa  
 Metalnez  
 MM Internacional  
 Pequiven  
 Plimero del Lago  
 Proagro  
 Sidor  
 Venepal  
 Venoco

[Sources: International press reports; "Index of Foreign Investment in Cuba," *La Sociedad Economica* (London); *Caribbean Update*.]





## CUBA BRIEFING PAPER SERIES



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# Cuba's NGOs: Government Puppets or Seeds of Civil Society?

BY GILLIAN GUNN

**W**hy have Cuba's Non-Governmental Organizations (NGOs) experienced explosive growth since 1989? Do they merely serve as a mechanism for channeling funds to the bankrupt state sector, or do they represent autonomous citizen groups capable of laying the groundwork for future civil society? Most importantly from a geopolitical standpoint, will foreign assistance to Cuba's NGOs strengthen their independent status, or merely reinforce central state control?

These questions were addressed during a field study conducted in Havana and Santiago de Cuba during the summer of 1994. Representatives of twenty NGOs were interviewed, along with academics, foreign diplomats and Cuban government officials responsible for regulating NGO activity. Only preliminary conclusions are possible, due to the limited data available. However, the following statements seem justified.

- Cuba's NGOs grew because the government deemed them useful financial intermediaries and because citizens desired self-help organizations capable of resolving local problems the state was unwilling or unable to address.
- While many NGOs were originally intended to channel funds to the state sector, some developed institutional interests independent from, though not necessarily in conflict with, those of the state.
- Access to foreign exchange free of central state control is a necessary, if insufficient, condition for independent-minded NGOs to pursue their own paths.

These assessments are not intended to imply that the sole legitimate purpose of foreign assistance is to em-

power recipient independence. Indeed, most NGO donations throughout the world are provided for humanitarian purposes. However, due to the current debate in the United States and Western Europe about the political implications of NGO donations, this paper focuses on the independence issue.

### WHY NGO GROWTH?

"Civil society" and "NGO" used to be considered subversive terms in Cuba. Officials argued that, since the state inherently reflected the will of the people, there was no need for independent organizations to represent citizens. Cuban bureaucrats clinging to this Stalinist ideology are now increasingly challenged by reformers who claim that Lenin saw the need to maintain some independent organizations to "defend workers against deformations of the state."

The reformist view has been grudgingly accepted by the Cuban state. Fidel Castro used the term "civil society" at the 1994 Ibero-American Summit and *Gaceta*, the official journal of the state-controlled writers' union, recently defended the expression's legitimacy. The Cuban institution responsible for registering NGOs, the Ministry of Justice, reports explosive growth in their number from 1989 to 1993, and a leveling-off in 1994. Approximately 2,200 NGOs are now registered with the government and many others exist underground. The rising interest in NGOs has come both top-down from the government and bottom-up from the population.

The state's new support for NGOs is a matter of financial necessity. As subsidies from Moscow declined in 1990, the government sought alternative resources. Foreign NGO assistance was perceived as helping solve developmental problems in other countries where potential funders

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were uneasy about direct donations to governments accused of undemocratic practices. The Cuban authorities therefore permitted a few ministries to establish parallel "NGOs" and re-labeled as "NGOs" some existing mass organizations and think tanks formerly associated with the Central Committee bureaucracy.

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The re-labeled mass organizations include the *Federación de Mujeres Cubanas* (FMC - Federation of Cuban Women), the *Asociación Nacional de Agricultores Pequeños* (ANAP - National Association of Small Cultivators), and the *Unión de Escritores y Artistas de Cuba* (UNEAC - Union of Writers and Artists of Cuba). These organizations have historically been utilized by the government to convey instructions, report citizen opinions and rally support for government policies. Often their leaders either simultaneously held high official positions or were closely linked to those who did. For example, FMC leader Vilma Espin is the wife of Defense Minister Raul Castro, and UNEAC head Abel Prieto is a member of the Political Bureau of the Communist Party.

Among the think tanks formerly associated with the Central Committee and now titled NGOs are the *Centro de Estudios sobre América* (CEA - Center for the Study of America) and the *Centro de Estudios Europeos* (CEE - Center for European Studies). Both organizations were established in the 1970s to act as Central Committee academic research instruments. Though Central Committee funds are still significant, much of their budgets now come from external sources.

An example of a Ministry-sponsored NGO is *Pro-Naturaleza*, an environmental organization with 5,000 members. Established in April 1993, most of its leadership is employed at the Ministry of Science, Technology and Environment, formerly the Academy of Sciences. *Pro-Naturaleza* has not received any state funds, but has been housed rent-free within Ministry property. Originally it hoped to pay a secretary and researcher out of its own funds, but to date modest membership dues have been insufficient to cover the cost. Therefore, it has asked the Ministry to cover the salaries, with the request that this donation not be used to "encroach on the organization's independence."

Like the top-down motivation for NGO expansion, the bottom-up impetus was also related to events in

the Soviet Union. *Glasnost* permitted a proliferation of Soviet NGOs, and by 1988 the Moscow press claimed that some 40,000 clubs and associations had been established. Close relations between Havana and Moscow at that time exposed Cuban intellectuals to many of these groups, which advocated themes such as religious freedom, popular culture, environmental protection and economic and social development. By 1990, the decline in Soviet subsidies to Cuba began to curtail the state's ability to deal with a wide variety of problems, including deforestation, housing deterioration, food scarcity, medicine shortages, and blackouts. Events in the Soviet Union both provided examples of citizen self-help and caused economic conditions which necessitated their implementation.

Churches were among the first to display bottom-up NGO behavior. The Catholic Church, through its charity Caritas, obtained permission to receive humanitarian donations, primarily food and medicine, from abroad. The Protestant churches, via Cuba's Ecumenical Council, performed the same role. The Martin Luther King Center, established by Reverend Raul Suarez, began to organize housing rehabilitation, development of alternative energy sources and infrastructure repair. The *Asociación Cultural Yoruba de Cuba* (Yoruba Cultural Association of Cuba) was established in 1991 to promote Afro-Cuban religious traditions, commonly referred to as Santería. Cuba's Christian-oriented Masons, founded in 1859 and driven underground by the Revolution, resumed activities in 1988 and now have 22,530 members.

Non-religious bottom-up organizations also have developed. The Felix Varela Center, established by former Central Committee staffer Juan Antonio Blanco in 1990, has, among other activities, sponsored recreation for child cancer patients and organized a community-based paint factory. The Pablo Milanés Foundation, established in 1990 by the black Cuban singer of the same name and financed with proceeds from his musical endeavors, provides support for young Cuban artists and aids independent cultural institutions.

This division of Cuban NGOs into two categories is drawn for the sake of analytical clarity. In reality, some top-down NGOs, such as *Pro-Naturaleza*, have strong grassroots connections, and some bottom-up groups, such as the Martin Luther King Center, have close relations with the state. The state frequently attempts to convert bottom-up NGOs into government instruments, while citizens occasionally try to re-shape top-down NGOs into grassroots organizations. The ideological lines between groups are also fluid. Bottom-up organizations are not necessarily anti-state, and top-down organizations are not necessarily anti-citizen empowerment.

### STATE AMBIVALENCE

The Cuban state is uneasy about NGOs. They are deemed useful because they capture resources that otherwise would not enter Cuba and relieve social tensions by resolving problems the state is unable to address. NGOs are also viewed with suspicion, however, because they represent an independent resource base for citizens whose desires do not always coincide with those of the state. Before Soviet subsidies disappeared, the state would have simply taken over those NGOs deemed inconvenient. To do so now would be self-defeating, for if Cuban NGOs are perceived as state front organizations, foreign donations will dry up. Therefore the state seeks to indirectly control NGOs without overtly dominating them.

The most obvious instrument of state control is the registration process. This is governed by the 1985 Law Number 54 on "Associations and their Regulation," along with Articles 39, 396 and 397 of the 1985 Civil Code.

To be accepted for registration an organization must fulfill the following requirements.

- Provide the names of thirty members, together with the names, addresses, telephone numbers and ages of the top leadership.
- Prove that the organization is self-financing.
- Submit a written statement of goals, together with an explanation of the institution's internal structure.
- Obtain a "negative certificate" from the Ministry of Justice stating that there is no other registered NGO with a similar purpose. If there is a duplicate organization, the new applicant must associate with the one already registered.
- Obtain the sponsorship of a "state reference institution" which affirms that the establishment of the NGO is in its interest. The reference institution subsequently has the right to attend the NGO's board meetings and inspect its accounts to confirm it is carrying out its stated purpose.

If the NGO is subsequently determined to no longer be performing its original purpose, the Ministry of Justice has the right to dissolve it. Furthermore, an organization will not be accepted for registration if its goals violate the Cuban Constitution or involve activities, in the words of a Ministry of Justice representative, "that are properly the role of the state." This prevents the registration of political parties as the Constitution establishes a one-party system. Human rights organizations have been denied registration on the grounds that they are covert political parties.

Many organizations that appear innocuous or even pro-government have had difficulty registering. The Santiago de Cuba-based *Asociación Cubana de Estudios del Caribe* (ACEC - Cuban Association for Caribbean Studies) was denied a "negative certificate" on the

grounds that another association with the same goals already existed. The Ministry then refused a request for a list of registered institutions, which the group needed to plan its re-application. The applicant was also told that some of its objectives overlapped with

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**The state frequently attempts to convert bottom-up NGOs into government instruments, while citizens occasionally try to re-shape top-down NGOs into grassroots organizations.**

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those of existing government institutions, but was not told which objectives were problematic. Caught in this Catch-22, the Association took a gamble, re-drafted its application to emphasize cultural exchanges with institutions abroad, and was accepted.

Another NGO, whose leader is socialist but inclined to outspoken criticism, had difficulty obtaining a reference institution, and finally prevailed upon friends in a state institution totally unrelated to the applicant's field of endeavor. This NGO existed for over three years before obtaining registration. Internal Communist Party schisms appear to have played a major role in the registration problems encountered by this and at least one other NGO.

The Pablo Milanés Foundation also existed for three years before obtaining registration in June 1993. Milanés wanted the proceeds from his concerts, film scores and other artistic endeavors to go to the Foundation, rather than be shared between state institutions and himself. The government was extremely reluctant to lose control of these revenues and events, and resisted. Milanés nonetheless moved ahead, recruited friends to work for the Foundation and paid them either out of his own pocket or not at all. They soon were organizing concerts which appealed to young Cubans more than those run by the state. The authorities were uneasy, but the singer's pro-Revolution background prevented the Foundation from being shut down.

According to a Foundation spokesperson, the role of Milanés in the 1992 National Assembly election became decisive. A poor, black neighborhood of Havana largely boycotted the election, undermining its legitimacy by refusing to vote for the individual selected by the party-influenced nomination process. (Only one candidate per seat was on the ballot, for whom citizens could vote yes or no.) When the neighborhood's youth said they would vote if Milanés were the candidate, the Party asked the reluctant singer to run. He acquiesced, and received a 94% "yes" vote, one of the highest percentages recorded. The Foundation's leverage was enhanced,

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and its registration application was accepted within a few months. As of mid-1994 the Foundation owned both its building and the land beneath it, a rare arrangement in Cuba.

The *Asociación Cultural Yoruba* also encountered difficulties, surviving precariously for fifteen years before it was finally able to register. Initially the Ministry of Justice claimed that it was a "cult" and said there was no provision for such entities in Cuban legislation. The Association's leader believes that the intercession of the Religious Affairs Office of the Central Committee, which is reportedly staffed by "open minded" individuals, smoothed this and other difficult interactions with the state bureaucracy. The Ministry of Culture, to which the NGO was initially directed, was far less helpful.

All of these NGOs which encountered registration difficulty were of the bottom-up variety. An individual or collection of friends decided to form a group, and tried to comply with the state's requirements. Sometimes, organizers found supporters in one branch of the state bureaucracy who helped them contend with opponents in other branches. These battles are a reflection of the dynamic tension between those seeking to expand space for civil society and those reluctant to lose control.

Curiously, of the NGOs visited, none had ever had their board meetings attended or their books inspected by their state reference institution. In fact, only one instance of such intervention was known in the NGO community. When a top Cuban official was asked if the Law of Association might be changed to eliminate the requirement for a state reference institution, the response was careful. "The inspections aren't being carried out anyway," he said. "I suppose it is counter productive to have a law which creates the impression of a higher level of state control of NGOs than what actually exists." However, this official then cautioned that a new law would still need to be designed in a manner which prevented the registration of organizations which use human rights activities as a "cover for efforts to overthrow the government."

#### NGO CONFERENCES

As the above anecdotes illustrate, many of the bottom-up NGOs were finally able to register in the summer of 1993. This was no coincidence. From 5 to 11 September 1993 Cuba hosted the "Encuentro sobre Cooperación con Cuba" (Meeting on Cooperation with Cuba), designed to showcase Cuba's new NGOs to the international donor community. It was in the authorities' interest to include Cuban groups which were somewhat independent.

This was the second such gathering. The first, held in 1991, was organized by ANAP in collaboration

with two European NGOs. Thirty-six Cuban NGOs and forty organizations from Europe and Latin America participated in the 1991 event. Although ANAP now has a somewhat more independent character, at that time it remained largely an instrument for ensuring Cuba's private peasants complied with government policies. According to several participants, the 1991 function was tightly controlled by the *Comité Estatal de Cooperación Económica* (CECE - State Committee for Economic Cooperation), which limited its success.

CECE had long been the gatekeeper for all foreign assistance flowing into Cuba. Up until 1990, this primarily involved agreements with Eastern Europe

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Reflecting the influence of pro-state voices, the 1993 conference's final communique stated that the Cuban NGO activities would "fall within global plans with the necessary coordination with diverse Cuban entities."

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and the Soviet Union. As that assistance waned, and NGO funds grew, CECE sought to control the new resource as well — a classic case of a bureaucracy reinventing itself when its Cold War justification evaporated. CECE's leadership, with attitudes shaped by decades of interactions with Soviet bureaucrats, was profoundly uneasy with NGOs and initially tried to curtail their activities.

By the time the September 1993 meeting occurred, the *Centro de Estudios Europeos* (CEE — Center for European Studies) had emerged as a CECE competitor and, along with the European alliance of NGOs *Grupo Sur*, co-sponsored the second gathering. The year before, with government permission, CEE became a "clearinghouse" for Cuban cooperation with European NGOs. The CEE's existing scholarly relations gave it a strategic advantage over other institutions. CEE now sees itself as a "marriage bureau" between Cuban and European NGOs. It helps Cuban NGOs prepare proposals, houses a fledgling NGO reference library, publishes a newsletter on Cuban NGO activities and conducts training seminars.

The Cuban participants presented 300 proposals at the 1993 meeting, of which sixty subsequently received foreign funding. The meeting formally established "platforms" in eight European countries to promote cooperation, but so far they are only functioning in Spain, Belgium, Italy and France. Reflecting the influence of pro-state voices, the conference's final communique stated that the Cuban NGO activities would "fall within global plans with

the necessary coordination with diverse Cuban entities." Caritas, which was not a participant, later rejected the conference communique on the grounds that it did not think Cuban NGOs should be required to "compliment state plans." The foreign NGOs present also unanimously called for "the end of the economic blockade... unjustly, immorally and illegally imposed by the United States on Cuba."

While the 1993 conference was heavily dominated by the government, it did further consolidate the state's acceptance of NGOs. The additional funding the conference generated may also eventually exacerbate underlying tensions between Cuba's NGOs and the state.

#### CECE

When asked about the ongoing role of CECE, a CEE spokesperson politely said, "Some of the older members of the bureaucracy are not used to thinking of civil society as part of the solution to problems, and we need to change this mentality." The Caritas representative was more outspoken, remarking, "CECE gives me the most gray hairs." (CECE was recently renamed the Ministry for Foreign Investment and International Cooperation. However, since Cubans still refer to it as CECE, that term will be used here.)

A conversation with a high-ranking CECE official revealed the root of the problem. He stated that Cuban law requires government and NGO cooperation pass through the institution "because we have priorities provided by the government" and are best able to direct assistance to "Cuba's development needs." A Cuban NGO seeking foreign funding must present its proposal to CECE for approval because "it is hard in Cuba for any organization to act outside the state area."

The CECE official made several statements which could have come from an observer seeking to delegitimize Cuba's NGOs. He said these organizations:

- All end up housed within state agencies;
- Are "intermediaries to channel funds into state institutions;"
- Are necessary to complete the social sector of the country "but frankly the state can carry out the projects better;"
- May have a role within the one party system, and can help create more "diversified organizations that can respond to new interests" but should not form part of a civil society "opposed to the Revolution."

He remarked that Cuba already has a civil society—a revolutionary civil society made up of organizations such as the Committees to Defend the Revolution (CDR). These are neighborhood organizations viewed by external observers as instruments for

#### Examples of CECE Interventions

A CECE representative cited several instances in which his institution's intervention had prevented a "mistake" from being made. One U.S. NGO wanted to send vaccines for children, but only if its own doctors could administer them. CECE ruled that Cuba has more than enough doctors for that task, and rejected the application. A pharmaceutical donation was rejected on the grounds that it did not comply with Cuba's laws concerning importation of blood products, designed to prevent the spread of AIDS. CECE insisted a wheat donation be tested before distribution. It had such a high level of fumigation that additional tests were required for toxicity. An offer of protein cookies was rejected when CECE determined that for the value of the donation far more protein could be imported. A hospital director obtained an NGO donation, but the resource was deemed in shorter supply at another hospital, so CECE redirected the aid. "NGO assistance is not intended as individual charity, but as a contribution to the whole people," said the CECE official.

An example of problems which occurred when CECE was circumvented concerned a donation of prostheses manufacturing equipment. A Catholic organization independently arranged for its donation by Germany, but when it was delivered the designated health center had no building to accommodate it. Because the state had not been informed in advance, a building had not been set aside in the central plan.

monitoring and reporting citizens' political attitudes. The CECE official advocated widening the CDRs' activities and lamented that NGOs lead to decentralized control of foreign currency. NGOs mainly looking for outside assistance, he concluded, are "not really part of civil society, but they are a useful channel for funds."

CECE officials seem to believe they still control every aspect of Cuban NGO activities. This was largely the case before 1990, but Cuban and foreign NGOs have gradually chiseled away at CECE's monopoly. For example, in 1989 CEA had enormous difficulty getting an NGO donation approved. "There was no ideological problem because at that time we were formally associated with the Party," said a representative. "However, they thought that if a Cuban intellectual organization received foreign

funds it would automatically take an equivalent amount away from an agricultural or industrial activity. They had a zero sum mentality rooted in the period of cooperation with socialist countries." Now, such donations are often executed without CECE's

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**"We are sure ANAP talks to various state institutions about the projects, but we see no evidence of interference, so for now we consider ANAP to be operating as a genuine NGO," said the Caritas representative.**

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knowledge.

Similarly, CECE had wanted Caritas to raise cash, which the state would then use to purchase medicine abroad. Caritas refused, and won the right to have the actual medical products donated to Caritas itself. CECE then insisted it be the sole entity to select recipients. Caritas demanded a say.

A compromise was reached by the establishment of two Caritas-government joint commissions, for education and health. Each involves three representatives from Caritas, three from the relevant Ministry and one from CECE. All decisions require a unanimous vote. CECE had wanted medicine distribution to go through five levels of bureaucracy, for example. Caritas objected, convinced the commission members that this would be inefficient, and defeated CECE.

While uncomfortable with the situation, Caritas goes along with CECE's insistence that state institutions, mainly hospitals, schools and retirement homes, be the final distributors of donated products. Caritas ensures that only intended recipients consume the donated products by designating a "sympathetic individual" at each institution to report end-use. The charity seems satisfied that donations are generally used for their designated purpose. In fact, the Caritas monitoring network is acquiring such a solid reputation that other NGOs have asked it to evaluate end-use of their donations too. Caritas is reluctant to take on this responsibility.

Caritas has not only defended itself against CECE, it has also prodded other NGOs to follow suit. Caritas wished to provide assistance to Cuba's private peasants by reconstructing an aqueduct. The government directed it to do so via ANAP, which Caritas viewed as an illegitimate NGO since its leadership "is selected by the state." However, Caritas told ANAP it would accept the peasant association as a genuine NGO if it acted like one. "We are very happy with their evolution," said the Caritas leader. "ANAP has told CECE to stop interfering, and it has not included any Ministry personnel in the project."

Emboldened, ANAP then established a direct link

with an Italian NGO for establishment of a seed bank. Officially, the project should have passed through CECE and the Ministry of Agriculture, but ANAP fought for autonomy, and won. "We are sure ANAP talks to various state institutions about the projects, but we see no evidence of interference, so for now we consider ANAP to be operating as a genuine NGO," said the Caritas representative.

Universities have also fought for greater freedom of action. Before, if an academic wished to travel abroad on funds provided by a foreign NGO, the scholar had to be a member of the Communist Party or the Union of Young Communists. The travel required approval of the scholar's local CDR, the Ministry of Education, and CECE. Any payment for services performed abroad went to the state. In 1990, Cuba's universities received permission to make direct contacts with institutions abroad. Forty percent of any earned fee can now remain in the hands of the scholar, with forty percent going to the university, and twenty percent going to the Ministry of Education. Even though the Ministry of Education must be "informed" of the pending travel, and any proposed scholar with a "strongly marked political record" may be denied travel documents, CECE has no official role.

On a practical basis, CECE's role in NGO collaboration has been reduced to the following.

- European NGOs generally request a letter from

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**While the still powerful CECE can distort aid flows, a resourceful NGO with friends in the right places can frequently evade its grip.**

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CECE stating that it has no objection to a proposed project. Once that letter is obtained, the foreign NGO deals with the Cuban NGO directly.

- A Cuban NGO must pay large customs fees on imported good unless it has a letter from CECE stating that their end-use is "within the priorities of the country." *Pro-Naturaleza*, for example, would have had to pay a 20,000 peso duty to get a donated Toyota truck out of customs if it had not been able to obtain a CECE letter of support for the associated wind-power project. Similarly, the Cuban Red Cross needed such a letter to extricate a donated ambulance from customs.

- Any project which involves direct collaboration with a state enterprise requires prior CECE approval.

Even these rules can be circumvented, however, especially if another state institution becomes involved. For example, when the Jewish community of Cuba had difficulty convincing CECE to release from customs a donation of kosher food supplies, the

Religious Affairs Office of the Central Committee successfully interceded.

If one accepts CECE's definition of NGO activities, there is no such thing as a genuine NGO in Cuba. Reality, however, shows an outmoded state institution being challenged by a broad coalition of NGOs, both of the top-down and bottom-up variety. While the still powerful CECE can distort aid flows, a resourceful NGO with friends in the right places can frequently evade its grip.

#### INCIDENTS OF INDEPENDENCE

Resistance to CECE interference is not the only area in which Cuban NGOs have exhibited independence from the state. Occasionally, an NGO's receipt of foreign funds has been used to strengthen its bargaining power with the state.

One of the most striking examples concerns the *Grupo para el Desarrollo Integral de la Capital*, (Group for the Integrated Development of the Capital). The Group has not yet been able to register as an NGO because it is not fully self-financing, and remains officially connected with the Havana City government. However, it acts more like an NGO than many registered organizations.

The Group focuses on urban development, and as Cuba's resources have contracted it has emphasized local community self-reliance. As part of this effort, the Group seeks to rehabilitate existing housing. In contrast, the government puts an emphasis on new housing construction. In 1993, the Group was sent a donation of concrete block-making machines by a European NGO. They were seized upon their arrival by the local state construction enterprise, which said they were badly needed for new housing efforts. The Group resisted, to no avail, and finally informed the donor. The donor then told the Cuban government it intended to reclaim the machines, as they were not being used for their designated purpose. Faced with this ultimatum, the state construction firm backed down, and turned the machines back over to the Group.

This represented a small victory for civil society. The foreign NGO donation, and associated leverage, ensured that the Cuban NGO's objectives were furthered over those of the state. Of course, the state was not opposed to housing rehabilitation, but simply believed new construction to be a greater priority. If the Cuban NGO had been pursuing goals diametrically opposed to those of the state, the concession might not have been made.

*Pro-Naturaleza* demonstrated independence through its "citizen complaint" facility. In 1993, a resident of Santa Cruz del Norte, about forty kilometers east of Havana, reported that sugar mill workers were cutting down trees for firewood. When the

complainant saw no action from the local authorities, *Pro-Naturaleza* accompanied him to talk to the administrator of the sugar mill. The administrator felt he could not order workers to cease cutting trees, the only fuel source available now that cooking gas was no longer being distributed. *Pro-Naturaleza* and the

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A *Pro-Naturaleza* spokesperson remarked, "The citizen in his individual capacity was unable to get any attention. When we verified his complaint, and used our leverage with the authorities, we were able to get a result."

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complainant then went to talk to the local *Poder Popular* (Popular Power) legislature. The local government agreed to supply the peasants with kerosene for cooking, and to replace the cut trees. A *Pro-Naturaleza* spokesperson remarked, "The citizen in his individual capacity was unable to get any attention. When we verified his complaint, and used our leverage with the authorities, we were able to get a result."

While this incident showed the positive effect NGOs can have, similar results are not always possible. When a citizen complained to *Pro-Naturaleza* about a state slaughterhouse polluting a river with meat by-products, the NGO was only able to verify that the problem existed. The state enterprise said no money was available to purchase new equipment required to eliminate the pollution, and *Pro-Naturaleza* accepted the explanation.

The Cuban Red Cross is another NGO embarking upon a small, but important, step towards independence. It asked the government for permission to distribute a donation of used clothes in youth detention centers. It received a positive response, and will be allowed to visit the detention centers as part of the accord. It hopes that through visits to such institutions "mutual confidence will grow and we will eventually be able to conduct inspections of adult jails." The Red Cross already acts as an intermediary for medicine sent from abroad to Cuban prisoners, forwarding it to the family members for final delivery. All prisoners are permitted to use this mechanism, without regard to the nature of their crime. While the Red Cross may not succeed in its effort to observe conditions in adult jails, its access to donated humanitarian assistance is at least giving it some leverage in negotiations with the state.

Cuba's Masons present one of the most interesting examples of NGO independence. They have a long history of resisting state interference. Spain shut them down in 1895 because their members were fighting for independence. They reopened in 1899, but in 1959 the Castro government again forced them

to close their doors. In 1989, membership interest revived and the organization began to carefully test the limits of government tolerance.

The Masons now number 22,530 members in 314 lodges. They were never forced to register with the Ministry of Justice because they existed prior to the

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"If Cubans do not learn the rudiments of private enterprise, and Cuban Americans from Miami are eventually allowed access to the economy, local entrepreneurs will be swamped. We want to help avoid that," said a Caritas representative.

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formation of the Cuban state. However, when they re-drafted their constitution in 1986 they had to wait for more than one year for Ministry of Justice approval. The Masons are a fraternal organization with mystical associations. Their self-proclaimed objectives are to "combat ignorance," fight against "vice" including gambling and prostitution, and "inspire love for humanity" through opposition to "intolerance." Membership is available to all men who "believe in God and are moral." Women are barred from the main organization, but can join "*Las Hijas de la Acacia*," which currently has about 1000 members.

An applicant can be a member of the Communist Party, but members of Cuba's "Rapid Response Brigades," civilian groups organized to harass dissidents, are barred because "Masons must be tolerant people." All members are required to avoid political debate in lodge meetings and to keep the content of such proceedings secret. Applicants who have committed common crimes are not admitted, though those convicted of "political crimes" are eligible. The Masons include several current and past political prisoners, though the majority of members are "more or less integrated in the Revolution."

The Masons used to provide student scholarships as well as run a university, a retirement home, a library and a charity for poor children. From 1959 until 1993 only the retirement home functioned. The state provided over half the budget, mainly in the form of medicine, and Masons were given priority in admission.

The Masons now wish to reactivate their social programs, moving carefully due to state monitoring. They reopened their library to the general public in May 1994 after hesitating for fear of provoking a state takeover of their rare book collection. They received donations of books and magazines from the German, Brazilian, Argentine embassies, as well as the U.S. Interests Section. University students have started to use the facility partly because for some topics the Masonic library is the only source in all of Cuba.

The organization is now appealing for medicines, office supplies, and library equipment from Masons and other NGOs from abroad. The group is also contemplating running small conferences on social issues, inviting diplomats from the U.S. Interests Section and ex-socialist countries.

The Catholic Church is also seeking to develop social programs independent of the state. Caritas organizes visits to the house-bound elderly and has established a group to help parents raise Downs Syndrome children. Its most politically intriguing initiative, however, concerns private entrepreneurship.

When the government legalized certain types of family-scale private activity in 1993, (technically called "work on one's own account"), Caritas sought to aid furniture and shoe repair artisans. It concluded that because the fledgling entrepreneurs were not grouped in a civil association, they were unable to defend themselves against criticism by those who resented their growing prosperity. Caritas was also concerned the new businesses could not get raw materials and had nowhere to turn for managerial advice. Many foreign NGOs have offered to provide assistance with these difficulties via Caritas, and the organization is contemplating setting up a credit, material supply and advice program to support this new sector. "If Cubans do not learn the rudiments of private enterprise, and Cuban Americans from Miami are eventually allowed access to the economy, local entrepreneurs will be swamped. We want to help avoid that," said a Caritas representative.

While these incidents of independence are relatively insignificant, each represents an incremental strengthening of the NGO vis à vis the state.

#### IMPACT ON CIVIL SOCIETY

Some Cuban NGOs, while not explicitly demonstrating autonomy, have undertaken activities which expand civil society or bring an independent light to bear on a controversial topic.

The artistic activities of the Pablo Milanés Foundation frequently focus on Afro-Cuban culture, in contrast to the state's more European emphasis. The summer 1994 issue of the Foundation's magazine, *Proposiciones*, defended the controversial film *Alicia en el Pueblo de las Maravillas* (Alice in Wonderland), which was removed from Cuban cinemas in 1992 due to official discomfort with its critical stance. The Foundation has also facilitated administrative decentralization. When it initiated construction of a research center on African culture, it resisted pressure to go through state institutions and directly contracted a group of construction workers, paying them in pesos and equipment. The central authorities opposed the arrangement, but an alliance between



the Foundation, the workers themselves, and the local authorities finally prevailed.

Of course, the Foundation is not totally free of government intrusion. Taxes are gradually being introduced in the Cuban system, and the government wants to establish a 25% levy on foundations. The Milanés Foundation, as the sole representative of this type of organization, is fighting for a 14% tax.

The Yoruba Cultural Association has also strengthened civil society. Practitioners of Yoruba ceremonies have long experienced tense relations with the state. Though Castro legalized the previously prohibited tradition in 1959, until recently practitioners were officially denied entry into the Cuban Communist Party. The Association admits dissidents, though like the Masons they are required not to "bring political problems into meetings."

The group organized two international conferences on Yoruba culture in 1992 and 1994. It had difficulty organizing the first, in part because the Ministry of Culture failed to process visas for 160 foreigners who wished to attend. This deprived the Association of revenue from conference fees. The Central Committee's Office of Religious Affairs intervened in the 1994 conference, and visas were issued smoothly. The conference profit went into the Association's hard currency account, to be used to construct a museum intended as an ongoing source of both hard currency and peso revenues.

The 1994 conference touched on some sensitive topics. One presentation explored the "socio-cultural significance of *la letra del año*." *La letra* is a prediction made at the beginning of every year by interpreting tossed coconut shells. The Association estimates that three-quarters of Cuba's population places some credence in its forecast. Consequently, the Cuban authorities have long attempted to influence the *babalawos* (Yoruba priests) who conduct the ceremonies, to ensure the prediction is neutral or favorable to the government. The Association has resisted such political corruption, and has contested "pliant" *babalawos'* attempts to register.

While the Association would appreciate donations, especially to its museum project, it was the only Cuban NGO contacted which expressed concern about the impact of donations upon recipient character. "We don't want too much help because we don't want to become dependent," said the Association's president in an interview.

Curiously, some NGOs with structures and practices which classify them as state-front organizations have occasionally sponsored projects which strengthen civil society. For example, the FMC, headed by the wife of the Minister of Defense, permits CECE to "coordinate" activities associated with donations, and "consults" the Communist Party concerning selection of delegates to the FMC's

periodic congresses. The FMC, with a United Nations Development Program (UNDP) donation, has also provided courses for women to learn skills useful for starting their own family-scale private enterprises. Women have been trained in bicycle repair, cosmetics, hair styling, computer science, electrical repair and plumbing. (The UNDP defined

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"All the workers knew the hospital was living from the donations of the Ecumenical Council," said the Council's President in an interview. "They could not do enough to help us..."

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the FMC as an NGO, despite its structure and practices.)

If one accepts the argument that small scale private enterprise builds citizen independence, then the FMC projects have strengthened civil society. However, the FMC's official connections also mean that women's expanded employment opportunities simultaneously enhance the image of the state.

Foreign donations have also increased the prestige of non-state organizations in the eyes of the general population. When the grandson of the President of Cuba's Ecumenical Council was admitted to a rural hospital, the staff reacted warmly. "All the workers knew the hospital was living from the donations of the Ecumenical Council," said the Council's President in an interview. "They could not do enough to help us. We now have a positive image at the popular level. This is quite different from what we would have encountered five years ago."

#### ADVOCATED STRATEGIES

What strategy a potential foreign donor adopts regarding interactions with Cuban NGOs partially depends upon how the donor defines an NGO.

A diplomat posted at the U.S. Interests Section in Havana remarked, "If an organization includes people who take a position independent from that of the government, then the organization should be considered a legitimate NGO." He characterized think tanks that were never part of the Cuban university system, such as CEA and CEE, as illegitimate NGOs. In contrast he considered the faculties of history and philosophy at the University of Havana to be "totally independent."

A leader of Caritas said that even if an organization is led by an individual selected by the state and receives much of its funding from the state, if it has its own independent projects which help build civil society, it is legitimate. If, however, the organization simply acts as a bridge to send resources to the state,

it is illegitimate. A problem with this definition is that in one circumstance a given NGO may channel funds to the state, and in another it will act independently. Some observers have even argued that the former act may be the price paid for the latter opportunity.

The Catholic Bishop of Santiago had a chronological criteria, remarking that NGOs formed after 1989 were more likely to be genuine than those formed before 1989. Cuban dissident Gustavo Arcos felt that a small portion of state support would not jeopardize NGO status and argued that a group led by a religious person "is more likely to be a genuine organization."

Those observers who believed that an organization could have some state funds and still be a genuine NGO tended to support a Cuba donation strategy currently under consideration by an important coalition of European NGOs. This coalition is contemplating providing small amounts of funds to a wide variety of Cuban NGOs, including those which appear to simply be fronts for channeling resources to the state. The coalition would then return a year later and investigate if the resources had been used to make the recipient more or less independent of the state. Those which had become more independent would receive additional financing.

This strategy has the obvious advantage of empirically testing the impact of donations upon independence. However, it has the disadvantage that during the experimental stage some "front" NGOs would be financed. Curiously, the Catholic Bishop of Santiago, who had been quite skeptical about the legitimacy of Cuba's NGOs, was favorably disposed. He said, "It is important that a space be created in Cuba, a no man's land where one can do things without having to declare oneself for or against the state. The more the no man's land grows, the better. This strategy would expand that space." Gustavo Arcos also supported the strategy, commenting, "It is worth running the risk of aiding false NGOs. It would be an investment

in Cuba's future civil society, and in any investment there is risk."

## CONCLUSION

It is up to the individual reader to evaluate the role of Cuba's NGOs and the wisdom of foreign donations. This paper's research suggests that while foreign assistance can help a Cuban NGO break away from state dependence, it will not necessarily produce that result. Furthermore, the dividing line between independent and captive NGOs is not always clearly visible. An NGO which in one instance simply channels funds to the state may, in another circumstance, genuinely represent an independent citizen group. In addition, a foreign donation to a semi-independent Cuban NGO can paradoxically both aid the state by permitting the NGO's state allies to take partial credit for a problem solved, and strengthen civil society by demonstrating the power of organized citizens.

If Cuba continues to implement market-oriented economic reforms, it is likely that the accompanying decentralization will afford greater space for genuine NGOs, and the net independence-strengthening effect of foreign donations will increase. However, as long as the one-party system remains intact, Cuban NGOs will have to strike some compromises with the state.

Are Cuba's NGOs government puppets or seeds of civil society? The answer is ideologically and intellectually unsatisfying. They are both, though the latter characteristic is very gradually growing.

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By KEVIN FEDARKO

**T**HE HEMISPHERE'S LAST COMMUNIST begins his evening with a martini. As he plucks the quintessentially American refreshment from the tray, Fidel Castro seems surprisingly muted. Or perhaps it is simply the mark of age: he is still a big man, trim and barrel-chested, but his 68 years are visible in the skin of his face, which is approaching the translucence of old parchment.

Taking his visitors on a slow walking tour of Havana's labyrinthine Palacio de la Revolución, Castro gestures toward an enormous mosaic of birds, animals and flowers that dominates the reception hall and quietly begins a story. The artist, he explains, cast the ceramic tiles at the same time the architect was completing the

with a group of TIME editors and correspondents, the Cuban leader talked of everything from the perfidy of his former Soviet allies to the numerous attempts on his life by the U.S., joking that he holds an "Olympic record" in surviving assassination plots. But in truth he faces now what may be his gravest challenge yet.

No matter how vehemently he may deny it—and he does—the Cuban leader cannot escape the fact that after 36 years of wily international gamesmanship, he is stranded on the wrong side of history. The Soviet patrons who financed his "socialist paradise" for three decades have collapsed. The communist bedrock upon which he built his edifice of power has proved itself bankrupt on virtually every continent of the globe. As his own people clamor for a better life, Cuba's socialist dream appears to be fading fast.

master, however, is a neat trick indeed: modifying Cuba's communist system enough to survive but not so much that he betrays the revolution.

SINCE THE FALL OF THE COMMUNIST BLOC in 1989 and the loss of Soviet subsidies in 1992, Cuba has suffered through a period of plummeting prosperity that is euphemistically known as the "special period." Imports have dried up. Industry has folded in on itself. Cuba's No. 1 money earner, the sugar crop, amounted to less than 4 million tons this year—a level not seen for decades. The island's factories are producing at only 30% capacity, giving rise to shortages in everything from clothes and cosmetics to pots and pans.

Castro has been loath to respond by renouncing his socialist credo in the fashion of former communists like Boris Yeltsin.



building's interior. Through some misunderstanding between the two men, the ceiling was built too low. When it came time to install the intricately etched tiles, the top two rows did not fit. The artist never forgave the architect whose miscalculations robbed his mosaic of its crown.

Someone asks what became of the architect. Was he fired for his mistake? Contemplating the missing top rows, Castro shrugs. "No," he deadpans, testing his listeners' sense of humor. "He was shot." Then Castro roars with laughter at his joke, a parody of his image as a bloodthirsty dictator. And with that, the evening and the aging commandant suddenly come alive.

In a dinner conversation two weeks ago **DEFIANT** Despite his years, Fidel's personality is as forceful as ever

Castro remains firmly in power; despite an economic crisis that gives him no good options, he does not face the imminent collapse of his regime. His tactical skills, his powers of endurance and the affection of many Cubans are intact. There is no organized opposition to him inside the country. His army and security forces are large and efficient. Despite spasms of discontent, like the riot last August that helped unleash the rafter exodus, there is nothing like a Tiananmen brewing. And unlike many similar leaders, he has surrounded himself not with cronies and coat holders but with the best and the brightest his country has to offer. He may be constrained by a terrible economy and his enduring faith in the failed ideology that produced it, but Fidel is not finished yet. The trick he is trying to

But to salvage what remains of his economy, he has been forced to adapt, imposing some measures that are anathema to his beliefs. In 1990, for example, Castro began soliciting foreign investment. Though he continues to declare that Cuba will never sell off its state-run companies, he has opened up strategic areas such as telecommunications, oil exploration and mining to joint ventures. The latest shocker: condominiums for sale to foreigners, with titillating hints that even land ownership may soon be possible. Drawn by the promise of pent-up demand and the conviction that, in the words of a confidential British report to investors, the reform process is "cohesive, systematic and unstoppable," Canadian, Mexican and European businessmen are taking the gamble.



Time, February 20, 1995

By the end of 1994, Cuba had signed deals for 185 foreign joint ventures. The Spaniards and Germans were among the first to invest in tourism, which grew at an annual rate of 17% between 1991 and 1993; now interest is rising in Canada and across Europe. Meanwhile, the Monterrey-based magnate Javier Garza-Calderón of Mexico's Grupo Doms bought up half the Cuban phone system in a \$1.5 billion deal last year. June saw the arrival of Cuba's first foreign financial institution, the Dutch ING Bank. British companies are looking into oil exploration—even though France's giant Total has recently pulled out—and Unilever, the British-Dutch giant, produces toiletries and detergents for the domestic Cuban market. Italy's Benetton now boasts five retail stores on the island, and plans three more by the end of 1996, while Japanese automakers Mitsubishi and Nissan are now sold in Havana.

Even Israel, the only country to side with the U.S. in a recent United Nations vote condemning the American trade embargo, does business with Cuba: Israeli firms are second only to Mexican companies in textile investments. These days, the palm-lined patio at the elegant La Ferminia restaurant in suburban Flores is jammed with foreign businessmen power-lunching with government ministers and discreetly whispering into their cellular phones.

All of which has made for a singular irony: the only people left on the sidelines are the Americans. According to a White House source, the Clinton Administration doesn't feel the changes in Cuba have been substantial enough to justify a diplomatic rapprochement, while the conservative Republicans now in control of the U.S. Congress—pressured by Miami's community of Cuban Americans—are bent on keeping the door to Cuba firmly closed to U.S. companies. Just last week Senate Foreign Relations Committee chairman Jesse Helms introduced legislation that would tighten the 33-year-old economic embargo even more.

"Let me be clear," said Helms. "Whether Castro leaves Cuba in a vertical or horizontal position is up to him and the Cuban people. But he must and will leave Cuba."

NEVERTHELESS, CASTRO HAS ALSO TAKEN A number of other steps to ensure that this will not happen any time soon. In the doldrums of 1993 he legalized trade in dollars, widened opportunities for self-employment and turned over state farms to cooperatives or families. When food shortages became critical last fall, farmers were finally permitted to sell some of their produce on the open market.

Regardless of how disagreeable Fidel's apparatchiks may find these measures, they have produced real change. The trading ignited by newly legalized dollars has been fueling the economy for the past 18 months. Despite Clinton's move last August to diminish the remittances sent by Cuban Americans to their families back on the island, millions manage to get through. Last year Cubans spent nearly a billion dollars buying imported consumer goods in 600 state-run stores across the island.

Moreover, since the opening of the farmer's markets last October, there has been a flurry of economic activity even within the moribund peso-driven sector of the economy. One such place is the Mariana farmer's market, in a drab workers' suburb of Havana, where customers seem to be complaining about high prices—but are still buying. A vendor named Jorge is doing a brisk trade in his homemade marinade of vinegar, garlic, onion, salt and cumin. "I used to teach language at the university," he explains. "But I was making only 325 pesos a month. Life is very expensive, so I have become a merchant." His entrepreneurial efforts earn him 1,000 pesos a day.

IN GENERAL, CUBANS NOW SENSE THAT THE country has turned a crucial financial corner

since the black days of 1993, when the worst effects of the economic collapse were being felt. "For a while, even among revolutionaries, there was a depressed mood," admits National Assembly President Ricardo Alarcón. "Now that's over. People realize there is a way out."

THE WAY OUT IS PROVING A DIFFICULT road for Castro's most loyal minions, since it requires discarding—temporarily, they assure themselves—several pillars of Cuba's socialist dogma. The old Central Planning Board, which piloted the state-directed economy, has been abolished. Last year the government claims to have cut the budget deficit 72% by slashing its bloated work force, eliminating dozens of subsidies and imposing price increases on such things as cigars, alcohol and electricity. These measures do not sit well with party stalwarts. "We made these changes not because we like it, but because we had to," laments Communist Party official José Arbesú. "The point of no return would be to put all production in private hands. But we are not going to do it."

Cuban Americans and conservative politicians in Washington insist that keep-

Time, February 20, 1995

ing the trade embargo firmly in place will hasten Castro's demise. But this line of thinking ignores the bedrock of loyalty that many ordinary Cubans feel for Castro, whose revolution has provided every adult citizen with free health care, education and a social-welfare net. Castro has long profited by laying the blame for Cuba's economic troubles on the U.S. Resentment of the embargo—particularly when U.S. sanctions against Vietnam have been lifted—only reinforces a fierce pride. Cubans are nationalists even more than they are socialists or incipient capitalists, and pressuring them from the outside makes even more unlikely the full-scale rebellion that Cuban Americans would like to ignite.

The biggest impact of the U.S. economic restrictions is the damage they inflict on American businesses. For many foreign firms now attempting to establish a foothold in Cuba, the embargo represents a golden opportunity to do business without U.S. competition. One example is mining. By the end of last year, the Cubans had signed joint-venture exploration deals for nickel, gold, silver, copper, lead and zinc with a number of Canadian and Australian companies. "A company of our ilk would never have the opportunity if we had to compete with American capital," said Frank Smeenk, president of Canada's MacDonald Mines Exploration Ltd., as he celebrated the good news on drilling results with a Cuban minister.

While Smeenk and others make money, American businessmen can only sit back and salivate. American economists estimate that when the embargo is finally lifted, U.S. business could total as much as \$1 billion in the first year alone. "The people in Miami have the best intentions, but the time has come to change," says Dwayne Andreas, head of Archer Daniels

Midland. "The U.S. is missing hundreds of business opportunities, and we'll probably be locked out of Cuba for half a century."

It is a testament to the size of the prize that, despite the risks, an increasing number of Americans are sneaking into Havana with the hope of working out arrangements under the table. According to Cuba's Ministry of Foreign Investment and Economic Cooperation, representatives of more than 100 U.S. corporations have visited the island in the past year with hopes of doing business in a postembargo Cuba. At least 26 American firms signed nonbinding letters of intent in tourism, medicine and biotechnology. "We're upset that we're not getting a piece of the action," declares a frustrated investor from Arizona who was spotted in the Hotel Nacional investigating opportunities in marinas and real estate. "Why not us?"

Eager to help pave the way, a handful of savvy consultants from New York City, Washington and Miami jet in monthly to maintain relations with Cuban officials for American companies shy of openly violating U.S. law. Other firms simply take the risk themselves. Executives from such companies as Hyatt, Marriott, Merck and Eli Lilly have been seen around Havana. One Western diplomat in Cuba laughs at the increasingly flagrant violations, even by exiles in Miami who have spent 30 years condemning Castro. "The U.S. embargo is a sieve," he says. "Even Cuban Americans are coming here to look at business opportunities."

NO ONE, EXCEPT PERHAPS THOSE IN Castro's inner circle, knows how far the old revolutionary is prepared to allow economic changes to go. Insiders say there is a lack of consensus in the government. The guiding philosophy seems to be to avoid any move that might threaten the social order and the political status quo. Castro appears resistant to any but the most modest concessions, and while a well-honed instinct for survival may drive him and his closest associates further into dalliance with free enterprise, they have not shown an intellectual acceptance of the superiority of market forces. Without an independent source of income, the Cuban regime will have to continue grudgingly to open up the economy, but the moves will be fitful and reverses inevitable.

Yet even as he flirts with capitalism, Castro continues to insist that communism is alive and well in Cuba. "I'm still a communist," he declared, when asked if he thought his experiment with Marx had been a failure. "I am proud to be one. Why do I have to renege on my principles? I have no choice but to continue being a communist." It is an intrepid defense of an idea whose time has passed. — Reported by Cathy Booth/Havana, with other bureaus

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