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The US-Cuba Normalization: Considerations of Havana's Intentions and Concerns



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When I visited Cuba in November 2007 to collect data for my doctoral dissertation, Cubans that I met expressed mixed opinions toward improving relations with the United States. An individual that I met from the business sector who supported the normalization said, “In order for the Castro government to dramatically revive the stagnant Cuban economy, the only way is to normalize relations with the United States and accept American capital inflow.” On the other hand, nationalist intellectuals adamantly opposed the normalization recalling, “Before the 1959 revolution, the United States exhaustively exploited Cuba. If the United States enters Cuba again, they will put their hands in every lucrative pie including beautiful Cuban women.” They affirmed the anti-US isolationist policy of the Castro brothers was the apposite policy.

If the trepidations of nationalist intellectuals are right, the announcement of Cuban president Raúl Castro and US president Barack Obama on December 17 to normalize relations represents a huge gamble for Cuba. Economically, it signifies the need to tolerate economic subordination to the US and politically, it must endure the threat of ending his dictatorship. This is a risky political wager for Raúl Castro. However, he is likely to be counting on the economic gains to be obtained from normalization with the United States which can also serve as a means of regime survival by turning the economic benefits to target the core group in the Cuban Communist Party (PCC) and secure their loyalty. In addition, the Castro regime is likely to have faith that it is capable of controlling Cuba's relations with the United States at an appropriate level.

In 2004, political economist Javier Corrales explains the political structure that permits such conviction of Raul through the notion of “gatekeeper state.” In the process of overcoming the economic crisis in the 1990s, the Cuban regime was faced with inevitable economic reforms with unequal profitability in varying sectors. By allowing the access to the profitable sector to the ruling elites, it was able to engender loyalty from the group which strengthened the regime. In fact, once the US tourism to Cuba increased, the revenue generated is most likely to fall in to the hands of the military, which dominates the entire tourism sector in Cuba. When the estimated two million Cubans living in the United States begin to send more remittances in the future—from the current USD 2.5 billion per year—this is likely to lead to increase in the revenue from transfer fees and the state-owned foreign currency stores.

This is the key reason behind the opposition by the US conservatives on the US-Cuban normalization of relations, that it will ultimately prolong the survival of the Castro dictatorship. Republican House Speaker John Boehner (R-Ohio) criticized the normalization with Havana in a statement, “There is no ‘new course’ here, only another in a long line of mindless concessions to a dictatorship that brutalizes its people and schemes with our enemies.” However, the Raul Castro regime also appears to be cognizant of intensifying social conflicts with new inequalities and damaged “Cuban socialist values” caused by the improved relations with the United States. This could result in similar situation as North Korea's economic reforms that Kim Jong Il pursued back in 2002 and 2003—the July 1 Economic Management Improvement Measures and introduction of general markets. The reform backfired and was retracted after three years. That was met with strong opposition from conservative elites after experiencing economic inequality engendered by market economy mechanism.

This is in line with President Raul Castro's recent statement at the ordinary session of the National Assembly of People's Power—Cuba's parliament—where he said, "It must not be expected that, in order to improve relations with the United States, Cuba will renounce the ideas for which it has struggled for more than a century," and "Just as we have never proposed that the United States change its political system, we demand respect for ours." Based on the improved relations with the United States, one of Havana's main concerns is the waning political benefit of "hostile coexistence." Even after the US government's version of "Sunshine Policy" is implemented and political and economic situation is not improved to remedy people's grievances, the current government must shoulder the burden for failure. In a recent article in *The National Interest*, Doug Bandow, senior fellow at the Cato Institute in Washington pointed out, "Washington's policy of isolation has given the Castros an excuse for their failure." He also argued that Cuba's Communist dictatorship will collapse eventually, and stressed, "Liberty will come to that land. The only question is when. Expanding relations should help speed up the process."

The United States is discussing plans of removing Cuba from the US "state sponsors of terrorism" as a part of the improved bilateral relations. On the other hand, the US is deliberating to rename North Korea on the list of terrorist states after the alleged hacking of Sony Pictures that filmed "The Interview," a controversial movie with an assassination plot targeting North Korean leader Kim Jong Un. The two Socialist allies are faced with opposing policies by the United States. It will take some time before the United States' decision is reached to rename North Korea as a terrorist state. Nevertheless, US foreign policy that would see pressure on North Korea while embrace Cuba is expected to continue in 2015. At the Press Briefing a day after the normalization agreement with Cuba, White House spokesman Josh Earnest made a statement, "Our concerns with the regime in North Korea are different than the concerns that we have with Cuba," and the critical difference was that "There is no concern that the Cuban regime is, for example, developing a nuclear weapon or testing long-range missile technology," and that there are "significant concerns with their nuclear program. It concerns the threatening statements they have made about their neighbors who happen to be strong allies of the United States of America."

The communist states North Korea and Cuba were established in 1948 and 1959, respectively. Since then, both countries pursued a "Socialist dependency" development strategy that saw them depend heavily on the Soviet Union. Cuba experienced economic crisis in the 1990s following the Soviet regime transition but it rejected the socialist market economy system, unlike China and Vietnam. Relations of "hostile coexistence" with the United States served as the common denominator. The foreign policy community in Washington is postulating "Obama administration's détente policy will pick up speed with the support of the general public" despite the opposition from the conservatives.

* Ten key elements of the US policy on the establishment of diplomatic relations with Cuba (December 17, 2014)

<Re-establishment of Diplomatic Relations with Cuba, Severed in January 1961>

- ① In the coming months, re-establish US embassy in Havana and
- ② Carry out high-level exchanges and visits between our two governments as part of the normalization process.
- ③ Work with Cuba on matters of mutual concern and that advance US national interests, such as migration, counternarcotics, environmental protection, and trafficking in persons, among other issues.
- ④ Address Cuba's participation in the 2015 Summit of the Americas in Panama.
- ⑤ Initiate a review of Cuba's designation as a State Sponsor of Terrorism.

<Expansion of Travel, Trade, and Information Exchange>

- ⑥ Facilitate an expansion of travel under general licenses for the 12 existing categories of travel to Cuba authorized by law.
- ⑦ Licensed US travelers to Cuba will be authorized to import \$400 worth of goods from Cuba.
- ⑧ Remittance levels will be raised from \$500 to \$2,000 per quarter for general donative remittances to Cuban nationals.

- ⑨ US institutions will be permitted to open correspondent accounts at Cuban financial institutions to facilitate the processing of authorized transactions.
- ⑩ Telecommunications providers will be allowed to establish the necessary mechanisms, including infrastructure, in Cuba to provide commercial telecommunications and internet services.

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