

U.S. Encirclement Endangers Cuba's Economy, Provokes Response

By Tom Whitney

Closing a session of Cuba's National Assembly on December 21, President Miguel Díaz-Canel declared that, "The 61st year of the Revolution has indeed been difficult and challenging." He blamed these troubles on the "brutal" and "demented" U.S. blockade. Dangers have mounted for Cuba's socialist revolution, and the government there is responding.

Carlos Fernández de Cossio, the Foreign Ministry's "director general for the United States," recently highlighted the gravity of the situation. A report on the Ministry's website communicated his view, expressed in an interview, that Cuba's government is "ready" for a rupture of diplomatic relations and that "sustainable progress in favor of bilateral relations" is unlikely as long as the blockade persists.

De Cossio was reacting in part to U.S. economic sanctions instituted in April and solidified in September that target companies and vessels of third countries that transport oil to Cuba – particularly from Venezuela. To deprive Cuba of fuel, he stated, "is an extremely drastic measure." President Díaz-Canel declared in his speech that sanctions have "deprived us of more than 50% of our fuel needs."

The U.S. blockade has lasted 58 years and continued even during 2015 and 2016 when the Obama administration had eased some restrictions on travel and commercial exchanges and established diplomatic relations with Cuba. In 2017 Trump's administration reinstated in full the U.S. bans on travel, commercial ties, and more. In May 2019 that administration implemented Title III of the 1996 Helms Burton Law in order to render foreign investments in Cuba as risky.

The U.S. government is seeking to undermine Cuban programs of international medical solidarity. It had already disabled the embassies of both countries. Most employees of the U.S. Embassy in Havana were recalled on the pretext of neurological symptoms that, supposedly inflicted, are still unexplained. The Trump administration expelled most Cuban diplomats stationed in Washington.

Otherwise the blockade proceeds as in the past. Annually the U.S. Treasury Department punishes dozens, even hundreds, of foreign companies and banks for violating blockade rules. Summaries of individual cases appear in the yearly reports that Cuba's Foreign Ministry prepares ahead of the UN General Assembly's annual vote on the U.S. blockade. The report for the year ending in March 2019 is available in English here. That year Cuba's economy suffered losses totaling \$4.34 billion.

The Treasury Department recently fined a U.S. insurance company whose branches in Canada and Germany had insured clients traveling to Cuba. A Swiss insurance company with a branch in the United States was also fined because its clients from many countries had traveled to or done business in Cuba. The U.S. government also levied large fines recently on the Standard Chartered Bank of Britain, the Expedia Group, Hotelbeds USA, and Cubasphere Inc.

Cuba has mounted a vigorous response. Speaking to the National Assembly, President Díaz-Canel discussed priorities. Alluding to ideology, he declared that, “The Cuban people, shaped and trained by Fidel in legendary battles, is prepared to understand and assume any problems posed by the enemy's aggression. They only need to be informed and receive explanations in a timely manner.” Protecting the economy is crucial, because failure there “is the path to the destruction of the Revolution,” and provides an opening “to show that socialism is not a viable system.”

He called for achieving “the greatest possible prosperity.” For that, “we need greater, more diverse and better quality production with the added value of science ... We need to reduce imports and increase exports.” The President rejects privatization as a means to build production. In remarks December 27 before the Council of Ministers, he called for “getting rid of obstacles in order to strengthen state-owned companies and consolidate them.”

In his report to the National Assembly in December, Minister of Economy and Planning Alejandro Gil reviewed 28 initiatives taken in 2019 on behalf of state-owned companies. They include plans for “a new financial institution to promote development,” for “closed financing schemes at the company level,” and for the “pre-financing of production and investment by national entities.” Improved relations between state-owned companies and “non-state forms of management” are contemplated. Industries producing export goods will receive financial and material resources on a priority basis. The same goes for companies in the tourist sector and state enterprises working to satisfy “the population's basic needs, mainly food, low-cost products and fuel.”

At the National Assembly, President Díaz-Canel highlighted accomplishments in 2019 aimed at improving the economy and people's well-being, among them: the building of 43,700 new housing units, 80 new railroad cars, and 300 new buses - assembled in Cuba. He mentioned salary increases for workers, expanded telephone service and Internet access, and 3,855 new hotel rooms for tourists. Cuba hosted more than four million foreign visitors in 2019.

In his report to the Assembly, 1st Vice President Salvador Valdes Mesa emphasized both an “increase in foreign exchange earnings” and extra resources being made available to increase production. He called for municipal self sufficiency in food production, alternative agricultural tools and equipment, and reliance upon “all planting technologies.”

For her part, Meisi Bolaños, Minister for Finance and Prices, proposed relatively more spending on housing, education and health care than on many other budgeted and non-budgeted economic activities. Minister of Foreign Trade and Foreign Investment Rodrigo Malmierca Diaz told Assembly deputies that the state's set-aside of more than \$2 billion for foreign investment exceeded previous levels. He described plans for centralizing administrative arrangements for foreign investments.

But in 2018 Minister Alejandro Gil indicated that in the following year Cuba wouldn't be able to meet certain repayment commitments. He noted that, “We have a level of debt for which the economy doesn't generate the capacity for meeting [all obligations].”

In September, transportation minister Eduardo Rodríguez Dávila reported that reorganization of public transport was underway “to palliate the short-term lack of diesel [fuel].” The ministry would be prioritizing rail transportation.

President Díaz-Canel, First Vice-President Salvador Valdés Mesa, and others gathered on December 24 to discuss how to achieve food sovereignty. They agreed on reduced reliance on foreign sources for tools, machinery, and other agricultural inputs. The problem of excess reliance on food imports is not new. Cuba’s government for many years has had to import around 70 percent of the food Cubans and tourists consume. The annual cost has been \$2 billion or more.

Minister Gil reported to the National Assembly on the current state of Cuba’s economy. GDP growth for 2019 would be 0.1 percent, he estimated - and 1.0 percent in 2020. The figures are in line with trends in Latin America and the Caribbean where in 2019 national economies grew at an average rate of 0.1 percent – with a rate of 1.3 percent predicted for 2020. Employment in Cuba will increase by 0.7 percent in 2020; the state sector employs 68 percent of workers.

Minister of Finances and Prices Meisi Bolaños explained that under the national budget for 2020, the education sector receives 24 percent of the outlay; 28 percent is assigned to health care and “social assistance.”

Cuba, in essence, faces conflicting realities. Material resources are needed for protecting and elevating the population. But an implacable enemy blocks access to such resources and struggle is required.

Thus Minister Gil asserts that fuel shortages have “affected public transportation, among other sectors, [and] forced us to temporarily suspend some investment projects and slow down work on others, and negatively impacted agriculture, food production and distribution.” Nevertheless, “We have not applied neoliberal measures; no schools or hospitals were closed; no increases in fuel or electricity prices to reduce consumption.”

Maybe a not-so-secret weapon is working for Cuba. Gil notes that, “we have been called upon to conserve and all of us to share in the effort to resist, and also to continue investing in development.” The authors reporting on his views paraphrase one remark as saying, “our people have responded to this challenge with more unity ... It is up to [them] to ensure that the economy provides for the welfare of our people.”

His idea is that the Cuban people are aware of the values and ideas of their Revolution and of the means for its survival. To what extent does this consciousness of the Cubans resonate among U.S. Americans?

A practical question emerges as regards those who may indeed be aware and in solidarity. Are they inclined to take part this struggle for Cuba or not? Inside the United States they ought to be able, somehow, to exert force where it does the most good, and the need now is great.