

From Cuba to the World: The Ripple Effect of US Sanctions

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Abstract

This paper explores the complex and enduring application of U.S. economic sanctions on Cuba, the longest-standing sanctions regime in modern history. Economic sanctions, a prominent tool of international diplomacy, are designed to influence or penalize states to achieve specific political objectives. The study offers a comprehensive historical overview of the sanctions imposed on Cuba since the Cuban Revolution of 1959. It examines the key phases of the embargo, including its escalation under various U.S. administrations and its multifaceted impacts on Cuban domestic affairs and international trade.

Through a detailed analysis, this paper reveals that, while the sanctions aimed to induce regime change, their effectiveness has been ambiguous. Domestically, U.S. political dynamics, particularly the influence of Cuban-American voters and shifting political agendas, have significantly shaped the persistence and intensity of the sanctions. Furthermore, the study highlights how the sanctions have impacted global trade dynamics, illustrating that the U.S. has maintained a quasi-monopolistic advantage in the Cuban market while ostensibly addressing humanitarian concerns.

The findings indicate that the sanctions on Cuba, rather than being a straightforward case of failure, have provided strategic benefits to the U.S. despite their limited success in achieving their primary political goals. This nuanced perspective sheds light on the broader implications of economic sanctions and their role in international relations.

Keywords: U.S. Economic Sanctions, Cuban Embargo, Sanctions Effectiveness, U.S.-Cuba Relations, Political and Economic Impact, Foreign Policy Analysis

1. Introduction

Coercion plays a vital role in international politics. It means to persuade another state to do something they don't want to do or discourage them from doing something they want to do [1]. Coercion has taken various forms in the past century. An interesting form of coercion seen widely in the global realm is that of economic sanctions. Sanctions as commonly understood, are tools of diplomacy attempting to pressure another state into changing its behaviour.

1.1 The Impact and Effectiveness of Economic Sanctions in a Globalized World

In today's economically intertwined world order, since all states are interdependent for trade and development, sanctions are a deeply effective way of economically hurting or punishing the targeted state. Boycotting a state from this intertwined order affects the receiving state and every global actor. Therefore, critically analyzing and assessing sanctions and their effects on everyone is important. Woodrow Wilson after the First World War called sanctions an 'economical, peaceful, silent and deadly remedy' [2]. Since

then, we have seen states start using sanctions as a tool of the first resort as they think that sanctions are the ‘best worst option’ that they can use to coerce another state. [3]. The effectiveness of an economic sanction can be measured by its ability to achieve its intended political goals, but it is also context-dependent. How much of the demands a target state will be willing to fulfil against the cost of the sanctions is something that the sender state should keep in mind while imposing sanctions. Although sanctions appeared ineffective during Wilson's time, a reality underscored by the Second World War, states continued to regard them as a viable strategy. Not all sanctions that were levied have failed, some have indeed coerced the target state to change their policy or comply with the sender state, which satisfied the purpose of those sanctions, but some sanctions are yet to achieve their purpose, and more often than not, these sanctions have been levied for very long periods.

1.2 The U.S. Economic Sanctions on Cuba: A Case of Catastrophic Sanction Failure

A sanction that couldn't coerce the targeted state can be called a catastrophic sanction failure. Danial Drezner defines a catastrophic sanction failure to be a lose-lose outcome. [3]. The target state lost in terms of the consequences and difficulties it had to bear while undergoing the sanctions. The sender state lost simply because the sanctions could not fulfil their purpose. This paper deals with one such catastrophic sanction failure case, the US Economic Sanctions on Cuba, which is the longest ongoing sanction in history since 1959 [4]. Just like most catastrophic sanctions, even these imposed high costs of non-compliance but perhaps failed to articulate demands in a way that Cuba would give in. America is demanding a regime change in Cuba and thus there is almost no bargaining scope because the target state is less likely to give into economic coercion for political power. It's less likely for a regime change to happen through economic sanctions. [3]. This paper will review the context of these sanctions, throw light on the role of internal US politics in the status of the same, briefly touch upon the consequences on Cuba, and majorly focus on the economic implications for the rest of the world. It will also analyze how American policies debunk Drezner's claim that a catastrophic sanction failure is a lose-lose outcome.

2. Historical Context

2.1 The Origins and Evolution of Economic Sanctions Against Cuba

The economic sanctions against Cuba can be traced back to the Cuban Revolution in 1959 when Fidel Castro and his revolutionary forces overthrew the Batista regime. The new Cuban Marxist government implemented socialist policies and nationalized American-owned businesses, causing tensions with the United States. [5]. The sanctions began under the Eisenhower administration in the 1960s as a partial trade embargo on exports to Cuba, excluding food and medicine. The US levied sanctions on Cuba against the nationalization of American-owned properties in Cuba without compensation. America hoped for a regime change. [6] As an effect of these sanctions which is still a dream as the sanctions have failed for sixty years to achieve it. By February 1962, JFK extended the partial embargo to a full economic embargo, which was a significant escalation in the U.S. response to Cuba's alignment with the Soviet Union. [7]. Post the Cuban Missile Crisis of October 1962, the US tightened the sanctions by imposing travel restrictions on February 8, 1963. Then the Cuban Assets Control Regulations were issued on July 8, 1963, under the Trading with the Enemy Act, in response to Cuba hosting Soviet nuclear weapons [8]. Post this, the topic of the Cuban embargo was brought up in the White House several times under different administrations as the embargo was not fulfilling its purpose but no significant progress was seen in regards to uplifting or tightening them until 1996.

3. The Helms-Burton Act and the Shifting Dynamics of U.S. Sanctions on Cuba

In 1996, President Clinton signed the Helms-Burton Bill, which became the Cuban Liberty and Democratic Solidarity Act. [4]. The codification of the sanctions into a law was intended to freeze these embargos. This law prevented any future President from lifting it and also called on the current President to urge foreign governments to limit or end their assistance to Cuba by seeking a mandatory international embargo from the UNSC. These steps were aimed at boycotting the island from international financial institutions. What was earlier a unilateral sanction, was being converted into a multilateral one and thus the consequences were going to be brutal. However, in 1998 due to a humanitarian narrative that humiliated and criticized the sanctions, the US had to inaugurate the food and medicine trade to Cuba for humanitarian reasons. By March 2003, the Bush administration abolished people-to-people exchange entirely aiming to “prevent the regime from exploiting hard currency of tourists and remittances to Cubans to prop up their repressive regime. [9]” Then the Obama administration loosened the sanctions a lot by 2015 and started to normalize relations with Cuba as they recognized that such a heavy embargo was not the solution for the problem that was 50 years old. However, in 2017, under Trump, new policies were enacted to re-enforce the sanctions that were loosened under Obama. Further by 2021, President Biden in response to the Cuban protests for economic power and policy change, imposed more sanctions on the Cuban police forces. Sanctions in Cuba are still in place and are causing immense negative impacts on a national and international level but are not yielding any results for the US.

4. Role of Internal U.S. Politics

While analyzing the policies of any state, it's crucial to take a look at its internal domestic politics and how public opinions and vote banks mould the policies of the decision-makers. For democratic states, the domestic audience plays an even bigger role in the policies and therefore in the case of America, it would be foolish not to incorporate domestic public opinion and its role. The ongoing Cuban sanction facade is also deeply affected by the citizens of America and the vote banks of the policymakers. The Cuban Americans have been a major vote bank for the democratic party in America. [10]. However, after Obama decided to loosen sanctions on Cuba, most people have drawn a correlation between Obama's policies and the Hispanic vote bank shifting towards the republican party which made Trump the unexpected president of the states. A few months after his election, Trump reinforced sanctions on Cuba because it helped him in terms of his political gains.

Further Hispanic representatives, especially from Miami also favor these sanctions and are against the upliftment of these. [11]. The reason for such a feud is the long-term grudge that the former Cubans are holding against the current Cuban government. Post the Civil War, the Marxist Communist Government nationalized all businesses in Cuba without properly compensating the owners. These people still haven't forgiven the government for the loss of their money and therefore are not willing to let it go. [12]. Thus, their vote depends on which party will come up with policies that will make the Cuban government suffer and eventually make them give in to the demands, yielding some sort of compensation from the Castro brothers. This motivates the presidential candidates in the US to shape their policies in such a way that their party's position for future elections and votes stays secured. Hence, US policymakers are not able to loosen sanctions. They have internal domestic interests in terms of their vote bank and fear losing their position of power for future terms.

5. The Humanitarian and Economic Consequences Of The U.S. Embargo On Cuba

The long-going embargo on Cuba has caused many domestic issues like economic instability, humanitar-

ian crisis, healthcare limitations, etc. The welfare of Cuban citizens is at stake due to these sanctions. There is no denying that this is the doing of the Marxist Cuban government which denies some rights to its citizens, but the US sanctions are making it worse. In the period between Obama easing the sanctions and Trump reinforcing them, studies have shown that the Cuban government also became more liberal and easygoing with its citizens, and life and welfare in Cuba improved. [12]. Due to the sanctions, citizens protest for regime change so that the implications of the sanctions do not affect them and so even the government gets tight with its citizens to cut down these protests. The sanctions make the citizens worse off because their trade is cut off from many nations and thus, they protest so that the government will give into the demands of America or negotiate so that trade can be established again with the rest of the world. To manage the protests, the government has to take measures to maintain stability and therefore becomes less cooperative with the citizens. It is just like a cascade effect and thus US imposing sanctions ultimately leads to less corporative government for Cubans and worse democratic situations. Moreover, Cuba tried to invest money in its tourism sector so that it could diversify its economy from sugar production to tourism but the travel restrictions imposed by these sanctions will be hindering this goal of the Cuban government. [13]. The opportunity cost of these sanctions on tourism is approximately 3 million US citizens to travel to Cuba which could generate large sums for the Cuban GDP [14]. Further, the humanitarian costs including medical emergencies for children have also increased due to these sanctions. A Cuban citizen Luis Miguel Cabrera revealed in a panel discussion that about 8 children needed organ transplants and Cuba was unable to timely import these organs for them due to the US sanctions which ultimately led to the death of some of these children. [12]. Additionally, Cuba also faced food scarcity to the extent that the government had to reach out to the UN to send food. [15].

6. Economic Impact On The International Stage

6.1 Global Repercussions of U.S. Sanctions: Trade Obstacles and Economic Fallout

In today's heavily intertwined world, no policy in any state is without its spillover effects on the rest of the world. Similar is the case with the unilateral US sanctions on Cuba. These sanctions are affecting other nations as the clauses of the sanctions are such that no state is freely able to carry out trade with Cuba. America has made it nearly impossible for Cuba to establish trade with any other country and thus not only Cuba, but even other countries face a cost in terms of their lost trading opportunities. Interestingly, every economic transaction to Cuba has to go through New York and be approved which takes a long time of 3-4 months which makes the Cuban economy suffer. This became a huge problem in 2015 when Cuba agreed to send doctors for the Ebola outbreak in Africa with funding from the WHO and even in collaboration with the US. However, their payments which came from WHO were stuck in New York due to the clearance clause of these sanctions. [12]. Ultimately the doctors had to return. This affected not only the Cuban doctors but also Africans who needed medical assistance. Additionally, once Cuba made about 519 requests for food import out of which only 9 were accepted. These 9 requests for import were also actually the trade between the US and Cuba. Cuba was not able to import from other states due to the sanctions even though states were willing to export, but the US sanctions and the terms of the sanctions prevented them from doing so. However, the US jumped at the chance to be a humanitarian hero by approving these 9 requests and the US itself exported these food items to Cuba which improved its global image as a saviour and also added to its trade balance whereas other countries lost their opportunities to establish trade with Cuba. [12]. These double standards are less talked about but they exist. Further, according to 2015 data, it was also noted that the US has been the biggest supplier to Cuba and even has

the largest market share on the island in the last 9 out of 11 years. [16]. It was ironic that other states could not export food and other goods to Cuba but the US easily swooped in for the rescue getting the highest share of the Cuban market. Even though Drezner called catastrophic sanctions a lose-lose, I see how the US is getting a win even in this loss.

Moreover, in the panel discussion broadcasted by France 24 in 2022, it was also revealed that the clauses of the unilateral US sanctions make it hard for Cuba to import goods and services from the rest of the world. The sanctions specify that Cuba can only import goods that are less than 10% produced in America which means that if any trading good contains 10% US-created content, then special permission is required from the US treasury for the trade to happen. [17]. The 10% mark increases the cost of importing in the sense that the trade needs more than usual evaluation of the goods which makes it a more costly procedure. This 10% mark also keeps fluctuating. As of 1997, it was 20%, in recent times it is 10%. It is also estimated that if Cuba has to import goods from any other countries except for the US, it has to pay an inflated 30% cost for shipping only which further makes trade and imports in Cuba difficult. [18]. Further, Cuba pays about 43% over the pre-CDA rates for importing goods. Due to these reasons, even though the sanctions are unilateral, it is difficult for even other nations to carry out trade with Cuba and therefore these sanctions impose costs like multilateral sanctions. Therefore, even other states are bearing the costs of these sanctions in terms of lost trading opportunities with Cuba. America also discourages third-world countries from exporting to Cuba by excluding ships from loading and reloading in US ports 180 days after they have delivered goods to Cuba.

7. The U.S. Exploitation of Sanctions: Dominating Cuban Trade and Isolating Global Competitors

All of these factors and clauses have almost cornered the isolated island of Cuba from the economics of the rest of the world. Latin American nations, China, and some other nations are still carrying out trade with Cuba but it comes with its difficulties. Difficulties caused by the terms of the sanctions. The only state that can in reality fluently trade with Cuba after these sanctions is ironically America. I don't think this should come as a surprise because everything America does works out for it in every possible way. The purpose of the sanctions was to force a change in regime in Cuba, which didn't happen, and the sanctions failed which should have been a loss for America. But it wasn't a loss, because the terms of the embargo were shaped in such a way that America was able to establish sort of a monopoly in the Cuban market. Yes, on paper Cuba is under US sanctions and it can trade with the rest of the world. Still, when a good exceeds the 10% mark and countries rush to New York for approval it is very easily denied. When the US sees it's an urgent exporting opportunity to Cuba, it easily clears the permission from New York and establishes fluent trade in the hour of need. How luxurious it is to be a hegemon right, stopping trade opportunities for a small island with other countries and unilaterally occupying its market all while having imposed sanctions on that country. This move of the US is to isolate Cuba from having business with the rest of the world and then from time to time jumping for the Cuban rescue is surely racketeer behavior. Charles Tilly in his work wrote about how states and governments are racketeers as they fabricate threats for their citizens and then also promise protection against the same threats. [19]. America is acting as a global racketeer in a way. It is not promising any protection but is offering it every time the situation gets out of hand. America has handicapped other states from presenting the same protections by using the hegemonic powers in setting up the embargo clauses and thus can enjoy the trade advantages by occupying most of the Cuban markets and also protecting Cuba from a humanitarian crisis. It's a win-win in terms of politics and economics- a win-win only for America.

8. Conclusion

America uses sanctions very often, if not always. Irrespective of the type of demand, America resorts to sanctions as its first tool. Whether it's the regime change in Cuba, regime change in Iran, stopping Russia from escalating war against Ukraine, or anything another state is doing that the US doesn't see appropriate. On the contrary, America due to its vested interests has also failed to sanction the war-mongering nation of Israel due to which the war in Gaza continues. This proves that America is not sanctioning other states for world peace, which it claims to do, but only for its gains. Further, even the sanctions it imposes fail to coerce the target states, but still, America yields some other sort of benefit out of imposing these sanctions. Thus, even when the sanctions fail, America gets its win. In the case of Cuba, America benefited by getting a trade market monopoly and also rising as a kind helpful hegemon who rescued Cuba from the humanitarian crisis from time to time- the humanitarian crisis which is indirectly caused by American policies.

It is also interesting to note that the unilateral sanctions are unilateral only on paper but in reality, they are framed in such a way that they impose consequences on Cuba as badly as multilateral sanctions would, if not worse. This revealed how much control and influence the US has on the rest of the world. Just by setting a clause that goods that are 10% made in America can't be exported to Cuba, they nearly made trade impossible. This was possible because most goods produced around the globe use either American technologies or intermediate items that are American. This shows the dependence of the global economy on American technology and production. America can easily impose sanctions and they become effective because America is taking proper advantage of this dependence. America is well aware of its power in the global economy and frames policies considering its level of influence and power. This influence of America coerces target states and America has become like a dictator of the world because it always gets its way. Even in a situation where loss is inevitable, America breaks the stigma and finds a win.

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