Globalization, Cuban-Style?

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I Introduction

The 1990s brought a decade of challenges to Cuba. 1989 was the last year of a socialist world order that Cuba had participated in since the 1960s; the collapse of the Soviet Union and the eastern bloc created a political and economic crisis. The Cuban government responded with numerous economic measures in this time referred to as the ASpecial Period in Time of Peace.@ These policies continued beyond that period of crisis. Much of those economic reforms can be viewed as an reintegration of Cuba into the non-socialist world economy. But, is Cuba=s Ainsertion@ into the capitalist world economy a process of globalization? Most analysts would agree that the Cuban experience is not Atypical@ globalization; however, does it represent a Cuban variant on this international trend? This is the question this paper seeks to answer.

This essay approaches the question of globalization, Cuban-style, from the perspective of a case study. That is, does the empirical evidence in Cuba support the assertion of a Cuban variation of the globalization process? Thus, the paper begins first with an assessment of the differing definitions of globalization. After weighing the various qualities of commonly held understanding of globalization, a specific definition is selected for application to the Cuban case. Second, the essay turns to a brief review of the changes within the Cuban system since 1989, focusing especially on those economic changes that have typically been identified with globalization both in Cuba and in other countries. Third, this is followed by an evaluation of the situation in Cuba, not in terms of the Asuccess or failure@of the reforms but rather in terms of assessing if these changes fulfill the operational definition of globalization presented. The paper concludes with an exploration of why Cuba presents such a unique case in the realm of globalization.

This essay argues that Aglobalization, Cuban-style@in not globalization. The reasons why globalization is not occurring in Cuba emanate from both internal and external factors. Thus, globalization, or even a variation, cannot occur until changes take place in Cuba=s close and influential neighbor the United States and within Cuba itself.

II Definitions: What Is Globalization?

Globalization is a recently coined term. The word begins to arise in theses, dissertations, and working papers in the late 1970s and early 1980s: the first monographs with globalization in their titles appeared in the late 1980s. As a result of its novelty, there is no clear, concise, commonly agreed upon definition. Some seek to describe a process: globalization is seen as A[s]hrinking space, shrinking time and disappearing borders ... linking people=s lives more deeply, more intensely, more immediately than ever before.@ (UNDP, 1999: 1) Many definitions give economics a prominent position. For instance, the International Monetary Fund (IMF) states that globalization Arefers to the increasing integration of economies around the world, particularly through trade and financial flows.@ But, the IMF also notes that A[t]he term sometimes also refers to the movement of people (labor) and knowledge (technology) across international borders [and there] are also broader cultural, political and environmental dimensions of globalization@. (International Monetary Fund, 2000)

In <u>Globalization: A Critical Introduction</u>, Jan Scholte attempts to categorize the various definitions of globalization found in the literature. He argues that most definition of globalization fall into one of five general meanings: internationalization; liberalization (economic); universalization; westernization (especially Americanization); and, deterritorialization. Definitions that fall into the first category, internationalization, essentially view globalization as increasing interactions across state borders. Interpretations that come under the second group, liberalization, equate globalization with a set of neoliberal economic policies that have dominated international economics since the 1980s. Universalization explanations interpret globalization as the spreading of objects and experiences to all parts of the world. The fourth type, westernization/Americanization asserts that globalization is synonymous with the imposition/adoption of western and/or American customs, practices, and methods. Finally, there is a set of conceptualizations of globalization that focus on deterritorialization or a Areconfiguration of geography@so that social, political, and economic space is no longer Awholly mapped in terms of territorial places, territorial distances, and territorial borders.@ (Scholte, 2000: 15-16)

Scholte convincingly argues that the first four categories of definitions are Aredundant@ (Scholte, 43-50). All of those definitions describe processes that predate the rise of the word Aglobalization@. Why would a new word arise if it were merely describing an old and well-established process? Only the last type of definitions, those that stress deterritorialization (or supraterritoriality, as Scholte presents it), constitutes a new conceptualization that captures the globalization process as a new trend. Thinking of globalization as Adeterritorialization@ enables one to express the Aspace-time@ compression and disappearing borders frequently noted in the globalization literature in a systematic manner. Furthermore, it applies to all of the types of Aflows@ (people, capital, goods) that are often the subject of assessments of globalization. Aspects of transborder simultaneity and instantaneousness figure prominently in this conceptualization of globalization. So, the assessment of Cuban changes will take place from the perspective of Adeterritorialization.@ Are conditions in Cuba reflecting the growth of supraterritoriality in new and distinct ways that constitute a variant on this global phenomena: is there really Aglobalization, Cuban-style@?

III Transforming Cuba B The Special Period and Beyond

Much has been written on the Cuban situation following the collapse of the Soviet Union.[1] Therefore, this paper will be confined to briefly noting the key features of the crisis as well as a general outline of the policies adopted to confront this disaster. The beginning of the 1990s presented circumstances that were indisputably devastating for Cuba. The start of the decade marked the demise of the Council for Mutual Economic Assistance (CMEA), the end of Soviet subsidies, and the end of socialism in Eastern Europe, all more or less simultaneously. This Atriple blow@ was disastrous for various reasons. First, in 1989, over 80% of Cuba=s total trade was with socialist economies (Monreal, 1999: 21). Furthermore, in 1989 foreign trade (essentially with the socialist bloc exclusively) accounted for Aaround half of the national income@ (Hamilton, 2002: 23). Even more ominously, about two-thirds of Cuba=s food, almost all of its petroleum, and A88% of its machinery & spare parts@ had been coming from the socialist economies, all at preferential terms of trade, and often even underwritten by Soviet aid. (Hamilton, 2002: 23)

Thus, the abrupt end of the CMEA, the curtailing of Soviet assistance, and the disappearance of

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[1] See, for instance, Cuba Today and Tomorrow : Reinventing Socialism by Max Azicri (Gainesville, FL: University Press of Florida, 2000), Cuban Transitions at the Millennium edited by Eloise Linger and John Cotman (Largo, MD: International Development Options, 2000), Development Prospects in Cuba : an Agenda in the Making edited by Pedro Monreal (London: Institute of Latin American Studies, School of Advanced Study, University of London, 2002), Cuba's Second Economy : from Behind the Scenes to Center Stage by Jorge F. Pérez-López (New Brunswick, NJ: Transaction Publishers, 1995), Cuba and the Caribbean: Regional Issues and Trends in the Post-cold War Era edited by Joseph S. Tulchin, Andrés Serbín and Rafael Hernández (Wilmington, DE: SR Books, 1997), as well as two editions of Latin American Perspectives focuses on the Cuban Revolution in the 1990s and beyond, AThe Cuban Revolution Confronts the Future, Part 1 and Part 2" Latin American Perspectives, Issues 124 and 125, Vol 29, No. 3 and No. 4 May 2002 & July 2002.

socialist trading partners in Eastern Europe had profound economic consequences. In small part, the impact of this transformed world can be seen in stark statistics: imports fell by 70% between 1989-1993; industrial capacity fell to 15%, power outages resulted in long blackouts, shortages in consumer and industrial products arose, as well as a substantial decrease in the sugar harvest. (Hamilton, 2002: 23) The contrast with previous decades is startling. Between 1959 and 1989, Cuban GDP grew at average annual rate of 4.3%. In contrast, from 1990-1993 it declined by almost 35% (Susman, 1998: 187). Incredibly, others put the figure higher - at almost 50%. (Hamilton, 2002: 23)

The critical situation was further aggravating by US policies. The Cuban Liberty and Democratic Solidarity (Libertad) Act (commonly known as Helms-Burton) greatly strengthened the economic embargo against Cuba and moved aggressively to punish foreigners who did not participate in the embargo against Cuba and Atrafficked@ in confiscated property. It was initially introduced in 1995, after Republicans gained control of the House of Representatives in November 1994. It was signed into law by 1996. Thus, Cuba faced not only the destruction of its existing economic support system but also a worsening of the economic pressures placed upon it by the United States. Not surprisingly, the Cuban government reacted with a wide variety of policies meant to Aresist@the circumstances by surviving the economic hurricane.

As many have noted, the Cuban government responded in a pragmatic (and often uncoordinated) manner to the economic and political circumstances thrust upon it.[2] The actions of the Cuban government can be divided into distinct phases. The first, from 1990-1993, can be seen as a type of Cuban Astructural adjustment program@ (SAP). Although the policies were not adopted at the insistence of the World Bank or the International Monetary Fund, they were very reminiscent of the SAPs imposed on much of Latin America in the 1980s. In the main, the Cuban government placed severe restrictions on domestic consumption and attempted to redirect economic ties to the capitalist economies (save the United States, which rejected opening economic relations with the island). From 1993 to 1994, Cuba deepened its SAP approach while adding a dash of ACuban perestroika.@ Thus, the government cut subsidies, raised public utility prices, began to charge for previously free services, and engaged in price increases. Furthermore, it cut the size of the Cuban state. All of these measures would have been applauded by the World Bank and the IMF. At the same time, a Arestructuring@A of the Cuban economy began. This Cuban perestroika most notably allowed for official acceptance of dollarized economy through the decriminalization of use of hard currency (the US dollar). At the same time, state farms were transformed into cooperatives to increase food production by the introduction of monetary/market incentives. And, the Cuban government authorized various forms of self-employment.

[2] See, for instance, Ruben Berrios, AA Qualified Success Story@ in Problems of Post-Communism, May/June 1997, Vol. 44, Issue 3, pg. 25-35, William M. Leogrande and Julie M. Thomas, ACuba=s Quest for Economic Independence@in Journal of Latin American Studies, May 2002, Vol. 34, Issue 2 pgs. 325-364, and Pedro Monreal, ASea Changes: The New Cuban Economy,@in NACLA, Vol. 32, No. 5, March/April 1999.

In an effort to capture some of the revenue generated by these new economic ventures, the government adopted a comprehensive taxation policy that included income tax (yet another policy near and dear to the World Bank and the IMF). These policies not only responded to the changed circumstances of the Cuban economy, they also appear to have learned something from the Soviet experience. Like the Chinese, the Cubans did <u>not</u> couple perestroika with glasnost.

For students of globalization, it is the period from 1995 on that represents the most interesting phase of Cuban economic reform. Some might argue that this marks the beginning of policies that created a distinct Cuban approach to the globalization phenomena. A central piece is the modification of policies and regulations governing joint ventures with foreign capital. Changes in Cuban law allowed for: unrestricted repatriation of profits and dividends; 100% foreign ownership of property; guarantee of the right to invest in real estate; the creation of export processing zones (EPZ); laws offering protection against expropriation; and the opening of all sectors to foreign investment except public health, education, and defense. Many are surprised to find that Cuba is an original member of the World Trade Organization (WTO).

However, it would be erroneous to assume that the state ceased to play a role in economics, even in the area of foreign trade and investment. Indeed, it would be safe to say that there was still a significant role for the state despite legal changes to the Cuban system. For example, the Cuban government reviews all applications for foreign investment. Furthermore, while there are no limits on repatriation of profits, the Cuban government does tax net profits/income. Even more, the government requires foreign enterprises to pay employment and social security tax contributions, which support the safety net that still exists in Cuba today. But, it is undeniable that the changes after 1994 drew upon the constitutional amendment of 1992 that eliminated absolute state ownership of all means of production and recognized other forms of property.

So, how have the changes wrought by the government changed the Cuban economy? This is not meant to be an assessment of the success or failure of the Cuban economy. Rather, the focus is on how the economy was transformed, especially in terms if imports and exports, foreign direct investment, and trading relations[3]. These, among other things, are criteria often examined when exploring the degree of

[3]As anyone who does economic research on Cuba knows, current data for this type of

globalization experienced within a country. A Asnapshot@of what is happening in Cuba is essential if one is to ascertain if Cuba indeed is undergoing globalization.

To begin with, has Cuba changed what it exports to the world? The evidence is clear: a transformation has taken place within the export sector. This change is notable for the decline in sugar exports linked with a marked increase in other areas of exports. In 1990, sugar represented 80% of the total value of Cuban exports. By 1999, it had declined to 31.7% of total exports. Increases were noted in mining (from 7.4% in 1990 to 27.2% in 1999), tobacco (from 2.1% in 1990 to 13.9% in 1999), fishing (from 1.9% in 1990 to 6.7% in 1999) and Aother@ products (from 5.2% in 1990 to 17.4% in 1999). Even more notable is the transformation from the exportation of goods (95.7% in 1990 down to 36.05% in 1999) to the export of services (i.e., tourism) (from 4.3% in 1990 up to 63.95% in 1999). (Monreal, 2002: 17-26)

Not surprisingly, given the circumstances that prompted the economic reforms, Cuba=s trading partners are very different at the end of the 1990s compared to the end of the 1980s. Trade with Europe (both East & West, inclusive of the USSR/Russia) constituted 87.6% of total trade in 1989. By 1998, it had declined to 38.7%. Within the region, the transformed trade relations are particularly notable. When looking at the USSR/Russia specifically, one finds that trade between these two countries accounted for 64.7% of the total Cuban trade in 1989. By 1998, trade between the two amounted to only 9.2% of the total trade for Cuba. Because of the reunification of Germany, trade between Cuba and Germany (both East and West in 1989) declined: from 5.9% in 1989 to 1.8%in 1998. This is a reflection of the higher degree of trade within CMEA between East Germany and Cuba in the past. In terms of AWestern@Europe, trade relations have steadily increased over the decade: trade with France has risen from 0.7% in 1989 to 6.6% in 1998 and trade with Spain has grown from 2% in 1989 to 13.2% in

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economic activity is frequently disputed. Therefore, I wish to clearly identify sources, as well as acknowledge that the figures are open to counter evidence. The main sources of information in this section are CEPAL Cuba: Evolucion Economica durante 2001, 6 de junio de 2002, ECLAC, Foreign Investment in Latin America and the Caribbean, 2001, William M. Leogrande and Julie M. Thomas, ACuba=s Quest for Economic Independence@ Journal of Latin American Studies, May 2002, Vol. 34, Issue 2 pgs. 325-364, Development Prospects in Cuba: An Agenda in the Making, edited by Pedro Monreal, Institute of Latin American Studies: London, 2002, UNCTAD Handbook of Statistics, 2002

1998. By 2003, trade with the European Union had grown to account for almost 40% of Cuba=s trade. (Economist, 2003)

Diversification of trading partners has increased the role the Western Hemisphere plays in Cuban trade. In 1989, the Americas (minus the United States) accounted for 5.6% of Cuban trade; by 1998, it had risen to 35.6%. The most important trading partners within the Hemisphere are Mexico and Canada. Asia has also grown in importance for Cuban trade: it accounted for 5.7% in 1989 but had risen to 15.5% by 1998.

Given the lack of capital flows from Eastern Europe and the former Soviet Union, as well as the need for capital infusion to enhance competitiveness as Cuba seeks to insert itself into the capitalist international economy, direct foreign investment was targeted by the Cuban government. Changes in laws as well as the signing of bilateral trade agreements, accords with regional associations, such as CARICOM, and negotiations with the European Union to join the Cotonou Agreement all meant to stimulate the flow of capital into Cuba. Of course, family remittances and tourism dollars do contribute to capital inflows. However, given the absence of credit and the need to import petroleum and food stuff, Cuba clearly looks to direct foreign investment as a source of capital for development. UN figures suggest that Cuba has increased foreign direct investment: in 1995, foreign direct investment in Cuba equaled US$5 million. By 2000 this had increased to US$10 million in 2000. However, a comparison with other still existing socialist economies suggest that this is not a large figure, globally. For instance, direct foreign investment in China US$40.772 *billion* in 2000. Even Vietnam had larger direct foreign investment, an amount of US$1.289 *billion* in 2000.

While Cuba sought to enter into the globalized production process through the creation of export processing zones (EPZ), there has not been much growth in this area. The law was enacted in 1996; by May 1997, 3 EPZs with a fourth planned. Since then, there has been no reported subsequent expansion. (Willmore, 2000) This has not emerged as a significant economic component.

IV Globalization, Cuban-Style?

Do the changes experienced by Cuba during the 1990s constitute globalization? As defined above, globalization is understood as the rise in supraterritoriality B the creation of a new economic, political, social, and cultural geography not structured by physical space. Evidence from statistics and observations suggest that there is little to no Adeterritorialization@ underway in the links between Cuba and the rest of the world.[4]

[4] The observations here noted come from field research conducted by the author in Cuba during May and June, 2002. While in Cuba, the author investigated such aspects as Internet access, mass media, foreign presence, foreign products and other elements.

As the summary above notes, most of the transformation in government policy has been in terms of economic policy. Furthermore, these changes are best understood as representing alterations in the international economic connections between Cuba and the rest of the world. Prior to 1990, Cuba had extensive economic ties with socialist economies in Eastern Europe and the Soviet Union. After 1990, Cuba sought to create links with other countries. This policy represents, at the most, globalization solely as increased internationalization (with regard to capitalist economies) as well as aspects of globalization as economic liberalization.

Deterritorialization is the creation of connections not bound by physical territory. In a wide range of spheres, this is absent in Cuba. Some of the areas most commonly associated with the this deterritorialization are communications, travel, markets, production, finance, and governance.[5] Thus, one seeking to assess Cuban globalization would need to look at the deterritorialization of each of these aspects in Cuba, as well as the changes noted above.

<u>Communication</u>. The degree of transborder communication, especially in terms of easy, quick, widely available links to all points of the global, is uneven in Cuba. When examining both personal connections as well as mass connections (such as global publications and electronic mass media), it becomes apparent that deterritorialization has not been widespread in all areas. For instance, in Cuba phone connections are still relatively limited, not consistently operational, and quite expensive. Likewise, Internet links are not widely available to the general public; communication via electronic means is slower than that experienced in other locations and expensive. International newspapers and magazines are also not sold in neighborhood stores or even hotel lobbies. (Scherlen, 2002)
In contrast, US films are widespread. For example, as early as in 1993 US films accounted for just over 40% of the movies shown in Cuba). US radio flows into Cuban air space (UNESCO, 1999). While the signals are blocked in Havana (targeting, especially Radio Marti and TV Marti), outside of the city car radios pick up a variety of signals from the US. (Scherlen, 2002)

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[5] See, for instance, <u>the Rise of the Network Society</u> by Manuel Castells (Malden, MA : Blackwell Publishers, 2000), and <u>Global Transformations: Politics, Economics, and Culture</u> by David Held, *et al* (Cambridge: Polity Press, 1999), as well as <u>Globalization: A Critical Introduction</u> by Jan Scholte (Hampshire: Palgrave, 2000).

The presence of satellite/cable television is more ambiguous. While Cubans rarely have satellite/ cable hook-ups in their homes,[6] hotels frequently show foreign TV in their bars and restaurants. Thus, Cubans who work in these tourist locations are able to watch this television openly.

<u>Travel</u>. Since tourism is a major industry in Cuba, global travel offers the potential for one area in which deterritorialization may take place. However, circumstances dictate that this too is not the same transborder experience as found elsewhere. Legal restrictions mean that one of the most ubiquitous indicators of transborder flows **B** the American tourist **B** is not a common sight in Cuba. Likewise, travel restrictions in place by the Cuban government mean that relatively few Cubans travel beyond Cuba=s own borders. Furthermore, the dual economy in place in Cuba creates a boundary between those who travel to Cuba and those who live in Cuba. While *casa particulares* offer an opportunity for travelers to live with Cubans, much of the tourist trade is with traditional travelers who stay at internationally-managed, joint venture hotel chains. So the globalized aspect of travel is one predominantly experienced by the tourist: a trip that typically envolves staying at a place that could be ›anywhere= exotic (hotel amenities are all standaridized), as are the planned excursions into the ›local, exotic= surroundings.

<u>Markets</u>. Even in the economic realm, where the Cuban government has been changing its regulations, deterritorialization does not truly exist. Globalization implies global markets, with global brands, and global sales strategies. The US embargo, though, precludes Cuban participation in much of this process. Global brands such as Wal-Mart, McDonalds, and Starbucks do not dot Cuban streets (unlike, say, in China).[7] Some global brands are present **B** Coca-Cola and Reebock for instance. However, these items are sold in dollar stores, where merchandise can only be bought in this foreign currency. Their penetration into Cuba is limited to those who own US dollars. The dollarized dual economy creates a barrier which restrains the flow of these products through out Cuban space.

Likewise, Cuban brands encounter substantial barriers to their flow outside of Cuba. In a globalized economy, identity must flow across borders without barriers. Brands must be supraterritorial. While the Cuban cigar *Cohiba* is arguable a global brand, it faces US government regulations which stop it from entering into the world=s largest consumer market. This creates obstacles to benefitting from Cuban

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[6] I encountered only one household that had a cable connection; in their case, it was from an illegal split in the cable from their neighbor who was a foreigner working in Cuba.

[7] From a personal perspective, this is not necessarily a bad thing!

brands. Even more problematic is competition over control of global branding, such as the situation with Bacardi. Efforts to protect a Cuban brand, Havana Club, from trademark infringement by Bacardi, have been hampered by the efforts of the United States: a statute added to US law (Section 211) stipulates that no court in the United States may recognize or in any way validate claims regarding trademarks and commercial names related to properties »confiscated" by the Cuban government. (Economist, 1999)

Production. One of the most remarked upon aspects of globalization has been the creation of a global chain of production. This post-Fordism production contributes to deterritorialization by decoupling the production process from fixed geography. Although Cuba has created EPZs, these have not developed. Clearly, the legal restrictions on US firms from operating within Cuba limit the growth of EPZs. So too, some have commented, does the extensive competition within the Caribbean as well as government policies that do not treat labor as a factor in production that must be as minimal a cost as possible. (Williams, 2000) The absence of Cuba from this post-Fordism process includes the use of global sourcing of inputs. In this instance, the lack of capital available to Cuba circumscribes how much outsourcing Cuba can engage in with other economies.

Finance/Capital. The dollarized economy of Cuba does reflect a degree of deterritorialization. After all, dollars (and increasing Euros) are accepted as coin of the realm, even though it comes from another country. The extent of dollars and their widespread use in Cuba is strong evidence of links between the United States and Cuba that transcend the barriers erected by governments. The Cuban-American community, the source of much currency through remittances, presents an interesting case. By words and actions, the Cuban-American community expresses an identity that crosses borders. And, because of these supraterritorial social ties, currency also becomes separate from geography.

Yet territoriality does continue to shape currency exchanges with Cuba, mitigating (to some extent) the globalized character of currency. The United States government uses currency to control travel between the US and Cuba.[8] Laws within the United States prohibit the use of electronic currency

[8] The Supreme Court has ruled that the United States government cannot prohibit its citizens from traveling to their own chosen destination. However, the US government technically owns its currency. Thus, the US government stops people from traveling to Cuba by prohibiting the spending of its currency in Cuba, without its expressed permission. Thus, the licencing arrangements that allow one

(debit cards and credit cards) within Cuba. As such, even though Cuba makes extensive use of dollars, its integration into a global currency network is bounded.

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to Atravel@to Cuba really in essence allow one to spend money in Cuba. Fines against unauthorized travel to Cuba really are fines on spending US currency in Cuba without permission.

Just as the United States limits Cuban participation in global currency community, so too is Cuba limited in its access and participation in global financing networks. Investment in Cuba by US firms and investors (typically some of the most significant sources of finance in the world) is illegal. And, given the continued socialist character of the economy, the development of a Cuban stock market unlikely. Membership in the global community of finance (bonds, debt, stock markets) is highly regulated by the Cuban government and, therefore, inhibited..[9]

Governance. Cuba does participate in a number of global governance agencies, such as the United Nations and many affiliated agencies. Many are surprised that Cuba has been a member of the World Trade Organization since its incorporation. Thus, there is an aspect of deterritorialization in the multilateral, multilayered rules and regulations that bind all countries, irrespective of location, to the terms of the agreement. Indeed, Cuba has sought remedy from the WTO in its dispute with Bacardi over Havana Club. However, there are several key international organizations particularly tied to economic globalization in which Cuba is NOT a member; most notably the International Monetary Fund and the World Bank.

Yet, even in this realm of globalized governance, Cuba is not a typical country. Most states have a presence at regional as well as global organizations. Many see regionalism (such as the creation and expansion of the European Union) as part of the process of globalization, especially when conceived of as supraterritoriality. Yet Cuba remains isolated at the regional level. It is excluded from the Organization of American States, the Inter-American Development Bank, and negotiations for the creation of a Free Trade Area of the Americas. The government has pursued ties with CARICOM and the EU (especially the trade negotiations between the Group of 15 and the group of countries comprising the African, Caribbean, and Pacific (ACP)).

Thus, a survey of deterritorialization in terms of communication, travel, markets, production finance/capital, and governance suggest that Cuba is not experiencing globalization. In essence, Aglobalization, Cuban-style@ is not globalization (understood in terms of supraterritoriality). The question, therefore, is *why* isn=t Cuba undergoing globalization?

V Conclusion - The Absence of Cuban Globalization

The evidence examined in this paper indicates that globalization as a deterritorialization phenomena is not occurring in Cuba. Why? Does the absence of globalization result from Cuban government actions? Does it stem from decisions on the part of other countries? Or, is it the lack of transborder activity is not the outcome of specific, conscious policies but rather the Anatural@ consequence of Cuba=s lack of qualities that attract supraterritorial activities (as some have argued is the case with much of sub-

[9] Again, this is not necessarily a problem, given the woes caused by speculative capital and irrational exuberance. But, it does limit the scope of Cuban globalization.

Sahara Africa)? I would argue that the discussion above signals that the globalization deficit arises from conscious actions on the part of states B especially the United States. Fundamentally, the United States creates substantial obstacles to Cuban participation in globalization.

At their very core, the policies of the US are rooted in a conceptualization of Cuba as a territory meriting distinct treatment. While the United States has frequently argued for open, transparent, and flexible international arrangements for trade and finance (even inclusive of the apartheid regime of South AfricaBprior to Congressional oppositionBand Communist China), Cuba consistently remains an exception to this approach. The United States government (both the executive and the legislative branches) articulates a distinct policy for Cuba, reifying its territory as unique and subject to unique rules and regulations. In essence, US capital is encouraged to be Ablind@ and seek the best return on investment, except for the case of Cuba.

Several of the barriers to transborder flows noted above are linked to US policy that does not treat Cuba like any other country. For instance, the prohibition on the use of credit cards, as well as the restrictions on sales and investment because of the embargo, force companies to be *extra* conscious of the territoriality of Cuba. One can perceive a process where borders do not matter to a US corporation, except for the borders of Cuba. The Helms-Burton legislation threatened to extend this exceptionalism to non-US corporations as well. Even though the US government has not sought to implement those sections of the law that target foreign firms operating in and with Cuba, the mere presence of such statutes had the impact of making all who worked with Cuba Aterritorially@ conscious.

This is not to suggest that sole responsibility for the absence of globalization lies with the United States. Several transborder barriers can be connected to Cuban government policy that maintains a very strong sense of sovereignty and national identity (i.e., very territorially conscious). For instance, restrictions on Internet use, access to foreign media, and Cuba travel all originate with the Cuban government. Likewise, it has been noted that tight government controls over foreign investment and Cuba=s insertion into global production chain might also temper the pace and scope of globalization within the island.

Yet, it must be acknowledged that a number of Cuban transborder barriers are not unique in the globalizing world. For instance, China has been following a course of perestroika (economic opening) without glasnost (political opening). Therefore, access to foreign media, Internet access, and other Aterritorial@ restraints exist in China. Furthermore, China too closely regulates and controls the scope and pace of foreign direct investment, joint ventures, and marketing -- to name only a few sectors.[10] It

[10] For more detailed information, see the most recent survey of China in The Economist, June 13, 2002.

has only recently joined the WTO, unlike Cuba which has been a member since the transition from GATT. Yet, many would suggest that China -- in contrast to Cuba -- is undergoing globalization.

The distinction is the policy of the United States toward China as opposed to Cuba. Despite the Communist character of China, there is no embargo, no restrictions on US trade, capital flows, banking, or travel to China. The United States has never sought to create a AChinese Helms-Burton@ to discourage other countries from economic integration and exchange with China. Thus, China, unlike Cuba, has access to US capital, markets, and corporations. The reasons for this differing treatment are beyond the scope of this paper. However, I would argue that the hyper awareness on the part of the United States of Cuba and its distinct territory pose the greatest challenge to Cuban globalization.

Experience shows us that globalization can occur with strong states maintaining an active presence (Hobson and Ramesh, 2002). So while the quality and extent of deterritorialization might be influenced by the Cuban government, it is unlikely that the severe degree of Anon-globalization@ would exist if solely left to the discretion of the Cuban government. While the state may remain an active economic and regulatory participant without disrupting globalization, there are other conditions that seem to limit the spread of globalization. The case of Cuba suggests that globalization requires the consent of the dominant economic force in world at present (the US). Essentially, if the United States thinks a country is Adifferent@ and should be treated as a Aunique territory,@ transborder flows and deterritorialization are disrupted.

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