

ATINER CONFERENCE PAPER SERIES No: LAW2013-0852

Athens Institute for Education and Research

ATINER



ATINER's Conference Paper Series

LAW2013-0852

**An Economic Analysis of Lifting the
Cuban Embargo**

**Frank J. Vandall
Professor
Emory University
USA**

**Emily Quan
Associate
Emory University
USA**

Athens Institute for Education and Research
8 Valaoritou Street, Kolonaki, 10671 Athens, Greece
Tel: + 30 210 3634210 Fax: + 30 210 3634209
Email: info@atiner.gr URL: www.atiner.gr
URL Conference Papers Series: www.atiner.gr/papers.htm

Printed in Athens, Greece by the Athens Institute for Education and Research.
All rights reserved. Reproduction is allowed for non-commercial purposes if the
source is fully acknowledged.

ISSN 2241-2891

23/1/2014

An Introduction to ATINER's Conference Paper Series

ATINER started to publish this conference papers series in 2012. It includes only the papers submitted for publication after they were presented at one of the conferences organized by our Institute every year. The papers published in the series have not been refereed and are published as they were submitted by the author. The series serves two purposes. First, we want to disseminate the information as fast as possible. Second, by doing so, the authors can receive comments useful to revise their papers before they are considered for publication in one of ATINER's books, following our standard procedures of a blind review.

Dr. Gregory T. Papanikos
President
Athens Institute for Education and Research

This paper should be cited as follows:

Vandall, F.J. and Quan, E. (2013) "An Economic Analysis of Lifting the Cuban Embargo" Athens: ATINER'S Conference Paper Series, No: LAW2013-0852.

An Economic Analysis of Lifting the Cuban Embargo

Frank J. Vandall
Professor
Emory University
USA

Emily Quan
Associate
Emory University
USA

Abstract

In a letter to the author dated November 7, 2012, President Barack Obama outlined the U.S. government's foreign policy stance toward Cuba.¹ In the President's view, "[t]he promotion of democracy and human rights in Cuba is in our national interest and is a key component of our Nation's foreign policy."² In particular, the President lauded "[m]easures that decrease dependency of the Cuban people on the Castro regime and promote contacts between Cuban Americans and their relatives in Cuba" as "means to encourage positive change in Cuba."³

While it may be true that the Obama Administration has "eased restrictions on family visits and remittances" and "expand[ed] the list of humanitarian items that Americans can send to Cuba,"⁴ there is much more that the United States should do to promote and support a positive relationship with Cuba. Without a solid economic foundation on which to build, Cuba will be hard pressed to follow through with some of its recent attempts at reform.⁵

¹Letter from Barack Obama, President, United States of America, to Frank J. Vandall, Professor, Emory Law School (Nov. 7, 2012) (on file with author). The President's letter was in response to a letter the author addressed to the President, which the Emory Law Journal published in 2012, and which the author subsequently sent to the White House. *See* Vandall, *¡Cuba Sí!: A Tribute to Professor David Bederman and a Letter to President Obama*, 61 EMORY L.J. 1081, 1081 (2012).

²Letter from Barack Obama to Frank J. Vandall, *supra* note 1.

³*Id.*

⁴*Id.*

⁵*See* Arturo Lopez Levy, *Cuba Under Raul Castro: Economic Reform as Priority?*, HUFFINGTON POST (Feb. 25, 2013), http://www.huffingtonpost.com/arturo-lopez-levy/cuba-under-raul-castro_b_2754397.html (describing current Cuban president Raul Castro's reforms as "institutional changes . . . accompanied by fiscal, credit and migration reform, a law for cooperatives, as well as the legalization of various markets for consumer goods (real estate, used cars, fast food and restaurants) and services (transportation) directly impacting Cubans' daily lives"); Jeff Franks, *Cuba Congress Embraces, Refines Raul Castro Reforms*, REUTERS (Apr. 18, 2011), <http://www.reuters.com/article/2011/04/18/us-cuba-congressidUSTRE73H3WV20110418> (calling the "wide-ranging national reforms" an "overhaul of the ailing Cuban economy").

Jumpstarting Cuba's "stagnant state-run economy"¹ will require support and investment from neighboring nations, including the United States.

To encourage economic development in Cuba, and simultaneously bring substantial economic benefits to the United States, the U.S. government should fully recognize Cuba and lift the embargo that it initiated in 1960. After briefly reviewing the history between the United States and Cuba surrounding the embargo, this Article will consider the economic argument for dropping all barriers to trade with, investment in, and travel to Cuba.

Keywords:

¹*Indecision Time*, ECONOMIST (Sep. 15, 2012), <http://www.economist.com/node/21562954?zid=305&ah=417bd5664dc76da5d98af4f7a640fd8a>.

Background

In 1959, a team of revolutionaries, including Che Guevara and the Castro brothers, overthrew the Cuban dictator, Fulgencio Batista.¹ As the unchallenged leader of the new regime, one of Fidel Castro's first acts was nationalizing all of the private land in Cuba and transforming the country into a communist state.²

In response, the United States swiftly condemned the Castro regime, instituted an embargo against Cuba in 1960 and severed diplomatic ties with the country in 1961.³ The impact of the embargo has been devastating to the island nation. Cuba went from being the number one Caribbean tourist destination in 1958 to attracting only 12,000 visitors in 1974.⁴ Once the world's third largest sugar producer and largest sugar exporter,⁵ the Cuban economy began to crumble after the fall of the Soviet Union.⁶ By 1993, declines in domestic food production and food imports limited many Cubans to eating only two meals per day or fewer.⁷ Oil became so scarce that many locals forwent their automobiles and tractors in favor of bicycles and ox-drawn plows.⁸ By 2008, Cuba's sugar industry accounted for slightly more than ten percent of the volume it was producing in the 1980s.⁹

Today, the U.S. embargo remains firmly in place. Cuba's gross domestic product (purchasing power parity), at \$114.1 billion, ranks sixty-eighth worldwide.¹⁰ It ranks one hundred fourteenth worldwide in per capita gross

¹ JANE FRANKLIN, *CUBA AND THE UNITED STATES: A CHRONOLOGICAL HISTORY* 129 (1997).

² *Id.* at 21, 30.

³ *U.S. Relations With Cuba*, U.S. DEPARTMENT OF STATE (June 21, 2012), <http://www.state.gov/r/pa/ei/bgn/2886.htm>. In 1962, Congress enacted a comprehensive set of regulations governing trade with Cuba, the Cuban Assets Control Regulations, which are administered by the Treasury Department. 31 C.F.R. S 515 (1993). The Cuban Democracy Act, signed by President George Bush in October 1992, strengthened the embargo. 22 U.S.C. SS 6001-6010 (Supp. IV 1988). The Cuban Democracy Act prohibits the foreign subsidiaries of American companies from trading with Cuba and empowers the President to impose sanctions on nations granting aid to Cuba. 22 U.S.C. SS 6001(8), 6005(a)(1) (Supp. IV 1988).

⁴ ED SANDERS & PATRICK LONG, CUBA POLICY FOUNDATION, *ECONOMIC BENEFITS TO THE UNITED STATES FROM LIFTING THE BAN ON TRAVEL TO CUBA* (2002), available at <http://www.cubafoundation.org/CPF%20Cuba%20Travel%20Study.htm>.

⁵ OFFICE OF GLOBAL ANALYSIS, FAS, USDA, *CUBA'S FOOD AND AGRICULTURE SITUATION REPORT* (2008), at 1, available at <http://www.fas.usda.gov/itp/cuba/CubaSituation0308.pdf>.

⁶ ANDREW ZIMBALIST, *TREADING WATER: CUBA'S ECONOMIC AND POLITICAL CRISIS*, IN *CUBA AND THE FUTURE* 7-11. (Donald E. Schulz ed., 1994); Danielle M. Hall, *Bienvenidos A Cuba! (Part II): A Look into an Unfamiliar Justice System*, J. KAN. B. ASS'N 19, 21 (2012).

⁷ Stuart Grider, *A Proposal for the Marketization of Housing in Cuba: The Limited Equity Housing Corporation - A New Form of Property*, 27 U. MIAMI INTER-AM. L. REV. 453, 463 (1996) (citing GILLIAN GUNN, *CUBA IN TRANSITION: OPTIONS FOR U.S. POLICY* 29 (1993)); CUBA'S FOOD AND AGRICULTURE SITUATION REPORT, *supra* note 11, at 1.

⁸ Grider, *supra* note 13 (citing GILLIAN GUNN, *CUBA IN TRANSITION: OPTIONS FOR U.S. POLICY* 29 (1993)).

⁹ CUBA'S FOOD AND AGRICULTURE SITUATION REPORT, *supra* note 11, at 1.

¹⁰ *Cuba*, WORLD FACTBOOK (Feb. 5, 2013), <https://www.cia.gov/library/publications/the-world-factbook/geos/cu.html>.

domestic product.¹ When compared to other Latin American countries, Cuba's purchasing power parity lags behind Brazil, Mexico, Argentina, Colombia, Venezuela, Peru, Chile, and Ecuador.² Numerous countries significantly smaller than Cuba, including South Korea, Hungary, Portugal, Austria, United Arab Emirates, Czech Republic, Ireland, and Sri Lanka, all outrank Cuba in purchasing power parity.³

The U.S. economy has also been affected by the embargo. The U.S. Chamber of Commerce estimates that the embargo costs the U.S. economy \$1.2 billion per year.⁴ According to the nonpartisan Cuba Policy Foundation,⁵ the United States loses \$1.24 billion annually in agricultural exports alone, and \$3.6 billion per year in agriculture-related costs.⁶ That the United States is missing lucrative business opportunities is also apparent. Lifting the U.S. embargo against Cuba could provide U.S. energy firms \$2 billion to \$3 billion annually in new revenue.⁷ In addition, the Cuba Policy Foundation predicts travel-related gains of up to \$1.9 billion and over 12,000 new jobs for the U.S. economy within five years of lifting the embargo on travel.⁸

Because U.S. tourists have been banned from traveling to Cuba for fifty-three years,⁹ Cuban culture remains shrouded in mystery to most Americans. Rare is it to hear from an American who has traveled to Cuba. More prevalent are the campaign speeches and cinematic portrayals that color our impression of what life is like in Cuba. Until recently, it has been difficult to gain an accurate qualitative or quantitative understanding of the Cuban people and economy.

In a new and exciting development, the U.S. Treasury Department has begun extending special permission and professional research licenses to the members of several state bar associations, including those of Minnesota and

¹*Id.*

²*Id.*

³*Id.* Curiously, of the seven countries closest in size (square kilometers) to Cuba – Eritrea, Benin, Honduras, Liberia, Bulgaria, Guatemala, and Iceland – Cuba ranks first in purchasing power parity. *Id.*

⁴*US Strides Toward Opening Door to Cuba Travel*, AFP (Mar. 31, 2009), http://www.google.com/hostednews/afp/article/ALeqM5gdZ2_bf30uSfGvNWZtRVKbtUzM8A.

⁵According to its website, the Cuba Policy Foundation “has been the premier US nonprofit organization dedicated to the study of the benefits of expanding trade and people-to-people contact with Cuba.” *Statement from the Cuba Policy Foundation*, CUBA POLICY FOUNDATION (Apr. 23, 2003), <http://www.cubafoundation.org>.

⁶PARR ROSSON & FLYNN ADCOCK, CUBA POLICY FOUNDATION, *ECONOMIC IMPACTS OF U.S. ECONOMIC AGRICULTURAL EXPORTS TO CUBA* (2001), available at <http://www.cubafoundation.org/pdf/CubaAgriculture.pdf>.

⁷AMY MYERS JAFFE & RONALD SOLIGO, CUBA POLICY FOUNDATION, *THE POTENTIAL FOR THE THE U.S. ENERGY SECTOR* (2011), available at <http://www.cubafoundation.org/CPF-EnergyStudy.htm>.

⁸SANDERS & LONG, *supra* note 10.

⁹While purely tourist travel is still not authorized or licensed, recently amended regulations make it easier for American educational, religious, and cultural groups to visit Cuba. Thomas Bauer et al., *Cuba's Legal Composite A Blend of the Familiar and the Foreign*, *BENCH & B. MINN.* 24, 31 (2012).

Kansas, to travel to Cuba.¹ These lucky Americans' observations have provided much-anticipated insight into the true state of affairs into Cuba. This Article will examine the observations of the Minnesota and Kansas Bar groups, finding support in the reports of both groups that the United States should legally recognize Cuba and drop all barriers to trade.

How the Observations of Recent U.S. Visitors to Cuba Support Full Legal Recognition of Cuba

In October 2011, thirty-two Minnesota Bar members received special permission and a professional research license from the U.S. Treasury Department to visit Cuba.² While there, the Minnesota Bar group met with Cuban judges, law professors, and lawyers and gleaned information and insight not readily available to those abroad.³ The group learned about Cuban government and courts, criminal law, juvenile law, family law, practice of law, legal training, ethics and discipline, ownership of property, intellectual property law, foreign investment, environmental protection, religion, freedom of speech, and travel to Cuba.⁴

Next, in May 2012, seven Kansas Bar members obtained permission from the U.S. Treasury Department to travel to Cuba and study the Cuban legal system.⁵ During their weeklong visit to Cuba, the Kansas Bar members also met with Cuban judges, law professors, and lawyers.⁶ Like the Missouri Bar group before them, the Kansas Bar group knew little about the Cuban legal system before their visit,⁷ but returned to the United States with helpful insights about the island nation and its people.

The Minnesota and Kansas Bar groups' observations about the Cuban economy are especially relevant to this Article. During their trip, the Kansas Bar members attended a session on the economic conditions in Cuba, the theme of which was that change is in the air.⁸ In 2011, the current president of Cuba, Raul Castro, initiated reforms to "overhaul" the economy.⁹ Although the the reforms have had some promising results,¹⁰ the Bar groups' reports indicate that Cuba will need external support to achieve lasting, long-term benefits.

¹See Hall, *supra* note 12, at 19; Bauer et al., *supra* note 26, at 28.

²Bauer et al., *supra* note 26, at 24.

³*Id.*

⁴*Id.* at 24-31.

⁵Hall, *supra* note 12, at 19.

⁶*Id.*

⁷*Id.*

⁸*Id.* at 21 (recalling that Cuban presenters opened their session on the economic conditions in Cuba with the statement, "We are living during times of changes.").

⁹Franks, *supra* note 5 (calling the "wide-ranging national reforms" an "overhaul of the ailing Cuban economy"); see *Indecision Time*, *supra* note 6 (calling the changes that Raul Castro has instigated since taking over the presidency "significant").

¹⁰See Levy, *supra* note 5.

The United States can fill critical voids in the reforms by erasing the embargo in three important ways: (a) dropping barriers to trade, (b) encouraging foreign investment and private enterprise, and (c) opening the gates to travel and tourism. The following three Subparts will address the economic benefits of each of these actions, analyzing them in the framework of the Minnesota and Kansas Bar groups' observations pertaining to each.

Dropping Barriers to Trade

Cuba has much more to offer the United States than the exportation of rum, cigars, sugar, and music.¹ Cuba is a land rich with trade and investment opportunities. Take the Cuban housing market, for example. Prior to Raul Castro's reforms, the informal Cuban housing market was mired by elevated prices and "under the table deals."² Homes plagued by normal wear and tear, as well as those long-ago destroyed by cyclones and other weather events, remain in disrepair due to lack of building materials.³ Ever since the United States stopped exporting building materials to Cuba, new construction has continued to lag far behind demand.⁴ Cuba simply does not possess the resources to jumpstart its own economy.⁵

The recent reforms have enabled Cubans to sell their homes and cars to other individuals.⁶ They have also empowered Cubans to rent their homes to third parties.⁷ Although these changes are certainly a positive step toward promoting Cuban people's personal freedoms, they fall short of solving the country's housing crisis.⁸ The opportunity for exporting building materials to Cuba during this time of change is at an all-time high.

If the United States began exporting constructing materials to Cuba, then both countries would profit. The Cuban people are desperately in need of materials to repair their damaged houses, build new homes, and reinforce those still standing against the elements. If the United States took advantage of this opportunity, then it could increase its exports of wood products, building products, construction equipment, and construction services. Erasing the

¹Hilary M. Becker, *Cuba: Potential or Potential Threat*, J. ACAD. BUS. & ECON., Feb. 2003, at 1.

²Hall, *supra* note 12, at 21.

³*Id.*

⁴*Id.*

⁵Even if Cuba possessed extensive natural resources to jumpstart its own economy, it would still lack the ability to harvest those resources and use them to their full potential. For example, in Cuba, "[l]ittle available agricultural land is farmed because of shortages of machinery, parts and fuel." Bauer et al., *supra* note 26, at 30. Here, the issue is not the lack of farmable land, but instead the lack of resources to actually farm the land. It comes as no surprise that the embargo is "often cited for poor production of crops and failure to cultivate land." *Id.*

⁶Hall, *supra* note 12, at 21; Bauer et al., *supra* note 26, at 28.

⁷Hall, *supra* note 12, at 21.

⁸*Id.*; see Grider, *supra* note 13 ("The marketization of housing in Cuba will be possible only within the framework of a privatization scheme that takes into account the realities of contemporary Cuba, including the poverty of the island and the tension between the exile community and Cuban nationals.").

barriers to trade with Cuba in these important areas would stimulate both the Cuban and U.S. economies.

Other opportunities for trade are made evident by the observation of the Minnesota Bar group that everyday items such as soap, toothpaste, and aspirin are difficult to find in Cuba.¹ The United States, as one of Cuba's closest neighbors, is in a position to best fill this need. Allowing U.S. companies to export these items to Cuba, where there is such a vast need, would be a boon for the U.S. economy. This trade relationship would also be ideal for the Cubans, as shipping costs from other countries, such as Germany or Russia, would be much higher.

The Minnesota Bar group also cited shortages of agricultural machinery, parts, fuel, chemicals, and pesticides as substantial throughout Cuba.² Without these resources, Cubans are unable to farm all of the available land. Again, the opportunity for the United States to fill this void is begging. In 2009, the vice president of Western Hemisphere Affairs for the U.S. Chamber of Commerce testified before Congress, "American farmers, businesses, and workers are missing significant economic opportunities because of the embargo – opportunities that have eagerly been taken up by our allies and trading partners."³ Cuba currently represents an \$800 million market for food, other agricultural products, and agricultural requisites.⁴ The Cuba Policy Foundation estimates that if the United States pursues expanded trade, investment, and tourism with Cuba, U.S. agricultural exports to Cuba could approach \$500 million to \$1.2 billion annually.⁵

The automobile and truck industry is another example of an area in which the United States could fill a void. In Cuba, automobiles and trucks mostly date to the 1950s and are worn thin from wear and tear.⁶ If the United States began exporting cars and trucks to Cuba, both nations would benefit.

Energy is another area in which the United States could profit from trading with Cuba. U.S. energy firms that build and operate power plants would benefit from the oil and gas trade between the United States and Cuba.⁷ To meet the projected electricity demand, Cuba would have to spend \$20 to \$60 million or more on construction.⁸ Cuba would also become a "significant market" for

¹Bauer et al., *supra* note 26, at 29; see NICHOLAS A. ROBINS, *THE CULTURE OF CONFLICT IN MODERN CUBA* 117 (2003) (stating that Cuba's "material needs are so extensive it is mind-boggling").

²Bauer et al., *supra* note 26, at 30.

³*U.S. Chamber Testimony Urges End to Embargo on Cuba*, U.S. CHAMBER OF COMMERCE (Apr. 27, 2009), <http://www.uschamber.com/press/releases/2009/april/us-chamber-testimony-urges-end-embargo-cuba>.

⁴ROSSON & ADCOCK, *supra* note 23.

⁵*Id.*

⁶Shasta Darlington, *An End to Classic Cars Rumbling Across Cuba?*, CNN (Apr. 23, 2011), <http://www.cnn.com/2011/WORLD/americas/04/21/cuba.classic.cars/index.html>.

⁷JAFFE & SOLIGO, *supra* note 24.

⁸*Id.*

importing rigs, pipes, specialized fluids, muds, and other oil-and-gas-related materials.¹ Much of this is needed to expand Cuba's energy infrastructure.

Encouraging Foreign Investment and Private Enterprise

Raul Castro's reforms have highlighted other ways in which Cuba and the United States would mutually benefit from dropping all barriers to foreign investment and private enterprise. The Cuban Constitution limits private ownership rights to only a few categories; all other property is owned by the state.² However, Raul Castro's reforms enabled an estimated 400,000 Cubans to pursue private employment in any of 178 approved fields.³ This is an important opportunity for Cuban workers, as the average state employee makes less than twenty-five U.S. dollars per month.⁴ The earning potential for Cubans in private enterprise is much higher than that of those who work for the state.⁵

However, even though the reforms permit Cubans to engage in certain areas of private business,⁶ not all avenues to entrepreneurship are open. Individual Cubans cannot form corporations.⁷ Small business opportunities are difficult to fund because of limited bank loans.⁸ Another challenge to private enterprise is the Spanish commercial code still in place in Cuba.⁹ In addition, entrepreneurialism has not been encouraged or cultivated by fifty-four years of communist government. As the Minnesota Bar group noted, individual Cubans seem "unfamiliar with opportunities to invent, create, or advertise and be protected under their intellectual property law."¹⁰

The United States is in a prime position to encourage private enterprise in Cuba by leading by example. Under the current embargo, U.S. companies are not permitted to directly invest in Cuba.¹¹ Still, many U.S. companies have filed patent applications in Cuba, each "hoping to get a jump on their

¹*Id.*

²CONSTITUCION DE LA REPUBLICA DE 24 DE FEBRERO DE 1976 art. 15 (Cuba) (hereinafter 1976 Const.). The Cuban Constitution limits private ownership right to small farms and small farm cooperatives, personal earnings arising from an individual's work, personal dwellings, other possessions and objects which serve to satisfy one's material and cultural needs, personal or family work tools, intellectual property, and joint ventures, companies, and economic associations that are created as prescribed by law. 1976 Const. arts. 19-24.

³Hall, *supra* note 12, at 21. The list of 178 approved occupations includes construction laborers, used booksellers, hairdressers, taxi drivers, and those who run restaurants or inns out of their homes. *Id.*

⁴*Id.*; Bauer et al., *supra* note 26, at 27.

⁵Hall, *supra* note 12, at 21. For example, under the reforms, a Cuban can choose to rent a room in his or her home for the equivalent of thirty U.S. dollars per night. *Id.*

⁶*Id.*

⁷Bauer et al., *supra* note 26, at 28.

⁸*Id.* at 29.

⁹*Id.*

¹⁰*Id.*

¹¹*Id.*

competition, keep their foot in the door, and protect their property while waiting for the embargo to be lifted.”¹

Other nations’ lucrative investments in Cuba suggest that the United States is missing out. In November 2012, a Brazilian company won a contract from the Cuban government to invest in and manage sugar production.² The company is also part of an \$800 million project to build a container port outside of Havana.³

The U.S. Chamber of Commerce has long supported lifting the U.S. embargo in favor of investing in Cuba.⁴ Aside from the benefits of spreading democracy,⁵ the United States could tap into some of the rich natural resources that Cuba has beneath its waters. Located only ninety miles from the Florida coast, Cuba’s offshore shelf has proven reserves of 283.5 million barrels of oil and an estimated three to four billion barrels of potential resources.⁶ According to the Cuba Policy Foundation, “lifting . . . sanctions against participation in the Cuban energy sector could provide over \$2 to 3 billion annually in oil and gas trade opportunities for U.S. energy firms.”⁷

If the United States lifted the embargo, the U.S. companies already poised to penetrate the Cuban market would have their chance. Cuba is working very hard to encourage foreign investment in its economy, and as such, it is unlikely that the government will attempt to nationalize foreign assets.⁸ To guard against such a possibility, U.S. companies could negotiate joint venture agreements, letters of credit drawn on a foreign bank, or cash deposits held offshore.⁹ Investment in Cuba would not only reap profits for U.S. companies, but it would also send a message to Cuban individuals and the rest of the international community that the Cuban economy is on the upswing.

Opening the Gates to Travel and Tourism

The Minnesota and Kansas Bar groups were fortunate to visit Cuba and interact with the Cuban people. Purely private tourist travel to Cuba is currently banned under the embargo.¹⁰ Many Americans are interested in

¹*Id.*

²*All Talk*, THE ECONOMIST (Jan. 26, 2013), <http://www.economist.com/news/americas/21570707-government-fails-promote-new-leaderseven-though-hard-times-loom-all-talk>.

³*Id.*

⁴Kevin Bogardus, *Chamber Raises Stakes in Cuba Travel Ban*, THE HILL (June 29, 2010), <http://thehill.com/business-a-lobbying/106313-chamber-raises-stakes-in-cubas-embargo-battle#ixzz2NqZ2jm24>.

⁵In 2010, the Chamber’s director of the Americas office stated: “Instead of undermining the regime, [the embargo] has helped the regime. We think opening up trade with Cuba will help spread democracy there.” Bogardus, *supra* note 67.

⁶JAFFE & SOLIGO, *supra* note 24.

⁷*Id.*

⁸Bauer et al., *supra* note 26, at 29.

⁹*Id.*

¹⁰*Id.* at 31. “While purely tourist travel is still not authorized or licensed, recently amended regulations make it easier for American educational, religious, and cultural groups to visit Cuba.” *Id.* “The recent rule amendments provide, among others, for travel to Cuba for

visiting Cuba,¹ just as many Cubans are interested in visiting the United States. Opening the gates to travel between our countries would allow U.S. citizens to experience and appreciate the rich Cuban culture, and would expose Cubans to what life is like in a country founded on democratic principles. In addition to helping the spread of democracy,² lifting the travel ban would bring a much-needed infusion of cash to the former number one tourist destination in the Caribbean.³ It is estimated that U.S. tourist arrivals to Cuba would number one million in the first year after a complete lifting of the embargo.⁴

Allowing freedom of travel would also carry substantial economic benefits for the United States. According to a 2002 Cuba Policy Foundation study, total U.S. income from the travel would exceed \$545 million in the first year of erasing the travel ban, and 3,797 new jobs would be added.⁵ By the fifth year, total income would rise to over \$1.9 billion, with 12,180 new jobs.⁶ The largest income and job generators would be U.S. airlines, the cruise industry, and fast ferry service providers.⁷

Furthermore, “[t]he induced and indirect income and employment generated from these primary industries would . . . spread widely throughout the U.S. economy as travel industries and employees purchased needed products and services.”⁸ For example, U.S. car rental companies and U.S. chain restaurants would likely invest in the Cuban market, as would companies providing everyday American-made items like medicines and film.⁹ In the travel sector, as in the trade and investment sectors, the United States would do well to pursue the rich opportunities awaiting it.

I. CONCLUSION

educational activities, travel to Cuba for religious activities, and remittances to certain Cuban nationals and organizations.” *Id.*

¹See Romina Ruiz-Goiriena, *Could the U.S.-Cuba Travel Ban End Soon?*, TIME (Nov. 4, 2009), <http://www.time.com/time/world/article/0,8599,1934416,00.html> (“If the travel ban were lifted altogether, recent studies suggest some 3 million Americans would visit Cuba each year.”).

²See Vandall, *supra* note 1, at 1081 (“Clearly, the best way to further democracy is to trade with a country and encourage them to visit us in order to see how we live.”); Bogardus, *supra* note 67 (describing the U.S. Chamber of Commerce as “a longtime advocate of opening up trade with Cuba, believing it will boost U.S. business and spread democracy to the communist regime.”).

³SANDERS & LONG, *supra* note 10.

⁴*Id.*

⁵*Id.*

⁶*Id.*

⁷*Id.*

⁸*Id.*

⁹*Id.*

Pressure to lift the U.S. embargo is increasing,¹ and with good reason. In 2010, a U.S. Chamber of Commerce representative testified before Congress that loosening export and travel restrictions to Cuba could spark \$365 million in sales of U.S. goods and create 6,000 new jobs in the United States, leading to a \$1.1 billion economic impact.² Many Cubans also hope that the embargo will be lifted.³ The United States is in a unique position to take advantage of a win-win situation: legally recognizing Cuba and dropping all barriers to trade.

¹*Where Do Americans Stand on Cuba Policy?*, CUBA POLICY FOUNDATION, <http://www.cubafoundation.org/where-2.html> (“Every recent poll of Americans, including surveys from independent pollsters, shows a majority of Americans favors lifting the U.S. embargo -- with even bigger majorities favoring an end to other embargo-era policies.”).

²Bogardus, *supra* note 67; see ROSSON & ADCOCK, *supra* note 23.

³Hall, *supra* note 12, at 21