

CATO INSTITUTE

POLICY FORUM

WILL U.S. TRADE WITH CUBA PROMOTE
FREEDOM OR SUBSIDIZE TYRANNY?

Thursday, July 25, 2002

Moderator:

Dan Griswold, Associate Director,
Center for Trade Policy Studies, Cato Institute

Featuring:

Rep. Jeff Flake, R-Arizona;
Philip Peters, Lexington Institute; and
Dennis K. Hays, Cuban American National Foundation

The Cato Institute
F.A. Hayek Auditorium
Washington, D.C.

P R O C E E D I N G S

MR. GRISWOLD: Good morning, everyone. Welcome to the Cato Institute's F.A. Hayek Auditorium. My name is Dan Griswold. I am the Associate Director of the Center for Trade Policy Studies here at Cato.

We started the Trade Center in 1998 as a unit within Cato in order to educate the public and policymakers on the benefits of free trade and costs of protectionism.

Our topic today, "Will Trade with Cuba Promote Freedom or Subsidize Tyranny," is really about two 40-year-old experiments in public policy.

The first is Fidel Castro's experiment of imposing Marxist socialism on the Caribbean Island of Cuba, and I think certainly all of us up on this panel and I bet just about everybody in the audience would agree that that experiment has been a tragic failure. Fidel Castro is a tyrant by any definition of the word. He has jailed, tortured, and otherwise stifled political dissents in his one-party fiefdom. The economy of Cuba is a basket case. His policies of central planning have turned Cuba into a land of almost universal poverty. Cuba has only recently climbed out of the deep hole left by the loss of \$4 billion or so of annual subsidies from the old Soviet Union.

The other experiment, of course, is our government's comprehensive commercial economic embargo against Cuba. For the last four decades, Americans have been barred from trading with, investing in, and traveling to the Island of Cuba. The trade embargo was first imposed by President Eisenhower in 1960 in response to Fidel Castro's expropriation of American property and his alliance with the Soviet bloc. In 1963, in the wake of the Cuban Missile Crisis, President Kennedy made it illegal for Americans to travel to Cuba.

The embargo was maintained during the Cold War when Cuba was serving as the Soviet Union's proxy in hot spots like Angola and Central America and Grenada. And even with the end of the Cold War, Congress actually tightened the embargo in 1996 with the Helms-Burton Act, which was passed, if you remember, after a Cuban war plane shot down a plane in international air space that was being flown by some Cuban exiles working for the Brothers to the Rescue organization, and the resulting Helms-Burton Act threatens foreign firms with sanctions and other punishments for investing in Cuba.

Well, today doubt seems to be growing about whether this policy serves our national interest. Today the United States stands virtually alone in refusing to allow its citizens to engage in commercial activity with the government of Cuba and the people of Cuba. And only two days ago, the House of

Representatives voted by a margin of 262 to 167 to lift the travel ban, and this was done through an amendment to the 2003 Postal and Treasury appropriations bill sponsored by Congressman Jeff Flake, who we'll hear from in a moment. Two years ago, the same amendment had attracted 232 votes in the House and last year 240 votes. So its support has been steadily rising.

On Tuesday, the House also passed another amendment sponsored by Congressman Flake, this one to lift the cap on remittances that U.S. residents can send to friends and family in Cuba.

And an amendment to defund the embargo entirely, sponsored annually by Charlie Rangel of New York, got 204 votes, which is something of a high water mark in support for that.

An amendment passed two years ago to allow cash exports of American food and medical supplies to Cuba has already resulted in \$80 million in annual sales.

The Bush administration, however, has responded by rattling its veto saber against any legislation that might include any language that would weaken the embargo.

Well, our speakers today will discuss and debate whether the embargo against Cuba should be lifted and what policies the United States should pursue to protect our national security and to promote freedom in Cuba.

Our first speaker is Congressman Jeff Flake, a first-term Republican from the 1st District of Arizona. Congressman Flake has been one of the leaders in the congressional Cuba Working Group. This is a bipartisan group of members of the House, 20 Republicans, 20 Democrats, interested in changing U.S. policy towards Cuba. By the way, the group's policy review of Cuba policy is out available in the lobby, if you haven't gotten a copy.

Before being elected to the House in 2000, Congressman Flake served for five years as Executive Director of the Foundation for Democracy, an organization in Namibia, Africa, dedicated to overseeing that country's transition to democracy and independence. In 1992, he became Executive Director of the Goldwater Institute in Phoenix, a state-based think tank dedicated to the principles of limited government, more freedom, and individual responsibility. That has a nice ring to it, doesn't it?

Along with Cuba policy, Congressman Flake has worked actively in the House for tax relief and educational choice, and I should also add he has promised his constituents to serve a maximum of three terms. He's what we call a self-limiter. I think the success this week challenges the myth that members need to hang around for years and years collecting seniority to get something done in Congress.

Just one quick program note. The Congressman may need to leave before the end of the event. There are some votes scheduled this morning, so we hope to have some Q&A directly after he's done and then we'll turn to our other speakers. Please join me in welcoming Congressman Jeff Flake.

(Applause.)

REP. JEFF FLAKE,

R-ARIZONA

REP. FLAKE: Thank you. I really appreciate the invitation. Working with the Goldwater Institute, we were sometimes referred to as Cato West out there. So it always feels very comfortable being here.

I just received a note on my Blackberry that votes are expected around 11:30, so I'm going to have to shoot out pretty fast. I'll speak very briefly and then take any questions that you might have.

People often ask me how I got involved in this issue. Arizona isn't exactly a hot bed for Cuban-Americans. In fact, I typically say I took a poll in my district on what I ought to do on Cuba if my policy is their policy, and both Cuban-Americans said, go ahead.

(Laughter.)

REP. FLAKE: But to me it's an issue of freedom. I've been mostly involved in trying to lift the ban on travel to Cuba. Our government shouldn't tell us where we can and cannot travel. That's un-American.

We, as Republicans, ought to have a consistent foreign policy, and we have taken the position that engagement is what we ought to do. If we engage in China, that economic reform will engender political reform. The same in North Korea, the same in Vietnam. We take that position, and I believe we have seen results from that, but with Cuba, we turn around and say, no, not so fast there, and it simply doesn't make sense. We ought to be consistent with our foreign policy.

With the travel ban, it's particularly pernicious because we really aren't serious about it. The ban isn't equitably enforced. It's not enforced against Cuban-Americans in south Florida. We're aware of no enforcement action whatsoever, as it should be. It should not be enforced against anyone, but if it's not going to be enforced against Cuban-Americans in south Florida, it shouldn't be enforced against my constituents either.

So we have a situation on remittances as well that has not been enforced at all. Cuban-Americans can send right now \$100 a month to family members in Cuba. Anything above that is a violation of the law. It can lead to imprisonment, whatever. But it never does. It's simply not enforced, nor should it be.

And that's why we amended the law two days ago to say lift the cap on remittances. We shouldn't limit family charity. We ought to encourage it.

I asked some folks in the administration what's the difference between tourists going to Cuba and spending money, giving a taxi driver a tip or a bell hop or an artisan on the street or someone selling curios, what's the difference between giving them money and a family giving family remittances. They said, well, remittances are subversive. I agree with them. But my position is if they're subversive, let's do a lot more subversing, if that's a word. It sounds kind of like a Bush-ism.

(Laughter.)

REP. FLAKE: But we ought to be a lot more subversive. So that's why we lifted that and we were successful there. I think we're moving in the right direction.

The truth is across the country there's overwhelming support to end the travel ban. In Florida itself, there is overwhelming public support. Recent polls suggest that even in the Cuban-American community there is a majority support for lifting the travel ban. Now, I don't think we ought to be driven by polls. That's just an aside. For those who think that that's important, they ought to know.

And I can tell you the vote was 262 votes two days ago to lift the travel ban. If we had a secret ballot in the U.S.

Congress, we could add at least probably between 75 and 100 votes to that. There are so many who approach me and others and simply say we're ready to change, but got to stick with the delegation, or I voted this way for too many years, or whatever else. So the tide has changed substantially. People realize 42 years is a long time to continue with a failed policy.

Now, the other side will say -- and you'll hear later today I'm sure -- we shouldn't throw a bone to Castro now. We shouldn't reward the man with tourist dollars. He's on the brink. He's just about over the edge.

Well, in 1992 that's what we thought as well. When the Soviets pulled out or before that, they said, that will finish him off. He can't live without that support. He loosened some controls and he survived in '92, even though we imposed greater sanctions in 1992 with the Cuba Democracy Act.

Later in 1996, with the Helms-Burton Act, we tightened those sanctions again. Again, we were told by members of Congress this will bring the hammer down on Castro. It didn't. He's still there. He's still very much in control. He's still very much the thug he always was.

The difference I think in the debate over the past couple of years is in times past those advocating lifting sanctions and removing the travel ban tried to argue that Castro is changing. We ought to reward him for behavior. Those of us

in the Cuba Working Group almost to a person, with the exception of Jose Serrano -- he'll freely tell you, you guys are doing this because you don't like Castro. I'm doing this because I like him.

(Laughter.)

REP. FLAKE: It kind of escapes me.

But we, almost to a person, realize that Castro hasn't changed. He's not going to change. I don't think I'll change him. I went to Cuba last year. I refused to meet with Castro. I think he's a thug. I think he's got blood on his hands. He holds political prisoners. I don't think I'm going to convince him of anything. And frankly, I didn't want to spend six hours listening to some has-been talk about such wonders of socialism. He is becoming increasingly irrelevant if we will simply let him. If we will simply empower people over there through commerce and trade and interaction, we can move around him.

The problem with our policy today is we elevate Castro. We allow him to blame us for all the failures of socialism. It just gets me that we call him a liar and a thief and everything, but then when he says, lift the embargo, we think that's what he really wants. I think that's the last thing he wants because he knows that we are a convenient scapegoat. So for those reasons -- and I think that's what has really changed the debate.

When the other side who wants to keep the status quo says, well, Castro is a bad guy. He's holding political prisoners, we immediately say, we'll stipulate that. He's probably worse than you know. But the question is, what do we do about it? Do we continue to knock our head against the wall and use the same policies we've used for the past 40 years that deny Americans freedom, or do we strike a blow for freedom and say Americans ought to be able to travel? Americans are our best ambassadors. They export culture and values.

The other side will tell you that when a tourist goes down to Cuba, that they're directed on where they have to stay and they stay within a tourist compound and that they don't have any interaction with the Cuban people. Well, that's typically said by people who have never been to Cuba because the reality is a lot different. Sure, Castro would love to be able to control everything you do there but he simply can't. And tourists that are there, you spend 10 minutes in Havana and you realize there are a lot of tourists here, some Americans going there illegally, some getting a license, jumping through the hoops, a lot of Brits and others who are there who do a lot of interacting. There is a burgeoning black market in Cuba that we ought to help and assist.

I'm the first to concede that some American dollars, tourist dollars, if we open up travel to Cuba, will end up in the hands of Castro. There's no way to avoid that. No way. But

there's also no way to avoid money going to people, and that's what we have far too little of right now. The invisible hand does not discriminate. You can't simply say it works in China or North Vietnam or elsewhere, but it won't work in Cuba. It has and is working in Cuba.

Now, the problem is we simply need a lot more of it because in the past, as Phil Peters likes to say, dissent in Cuba manifests itself in the number of rafters who hop on a raft and go to Florida instead of people who are willing to stay and see some glimmer of hope to stay and protest. Instead, we have the protesters in south Florida rather than staying in Cuba. And that's what we need more of, and they need to be supported by people who will go over there and help them out. That will only be enhanced by increased travel and trade and commerce and interaction.

If it is freedom that we want for the Cuban people, we ought to exercise a little more of it ourselves, and that's what this is all about.

I would love to take any questions. I probably have to leave in just a few minutes. Is that okay to do it that way?

MR. GRISWOLD: If you want to have a seat, and then I'll direct traffic up here.

REP. FLAKE: You bet.

MR. GRISWOLD: Congressman, I have a question for you about the politics of this. With your travel amendment, 33 percent of Republicans supported it, 90 percent of Democrats. Why is there this partisan split on this issue? And given the party's approaches to trade and kind of expanding globalization generally, you'd think it would be the other way around.

REP. FLAKE: Right. That's what's been baffling to me and that's why I'm involved with it. I think that we do better politically when we have good policy, and good policy makes good politics.

That is changing. We had 67 Republicans vote for the Flake amendment last year and 73 this year. As I mentioned, we would have a lot more if we had a secret ballot. There are a lot of people simply who have taken the vote for too many years and just don't want to change it or feel pressured by leadership -- and there is a lot of pressure applied -- or feel compelled to stick with the delegation. So there are a number of reasons. And a lot of them want to support the President. I think that there comes a time when we simply have to say we need good policy and this is not good policy that our administration is promoting here. So an increasing number of Republicans are breaking away and an increasing number will.

I have to point out that in the Senate, before he left to become Attorney General, John Ashcroft was the main mover and

shaker over there for increased trade and travel with Cuba. So it's not a black and white, conservatives on one side, liberals on the other. There's a good mix.

MR. GRISWOLD: One related follow-up question. Where do we go from here? Didn't the travel language pass in some form in the Senate? And what are the prospects of this actually becoming law? The travel ban in particular.

REP. FLAKE: To step back a little, last year the travel ban passed 240 to 186. The week that the Senate was slated to take it up, September 11th came, and so the Senate agreed not to attach anything controversial to the appropriation bill. So that fell by the wayside, and then when it came to conference, because it was only in the House version, it slipped out.

This year the Senate has already passed identical language out of committee on the travel ban. They will likely do so now on remittances as well and on private financing of agricultural exports. So I would expect those items to be passed in identical language in the Senate. There are certainly the votes in the Senate overwhelmingly.

Then it's up to the conference committee. There is a veto threat. Some take it seriously. Some don't. We don't know what form this appropriation bill will be in. It could be that it's a continuing resolution with all of the appropriation bills

put together. That complicates issues. We just don't know, and we'll just have to wait and see.

We just need to argue -- and I would encourage the Senate and everyone else to argue -- this is the right policy. Politics will follow, but we need to do the right thing.

MR. GRISWOLD: Do we have any members of the media who would like to ask a question? I'd like to give them first prerogative.

MR. PARK: Dave Park from Congressional Quarterly.

I was wondering why you thought as a freshman you were able to sort of come to the forefront of this issue. Do you think that it helped being a freshman and not being around as opposed on other issues where it's normally, obviously, a lot harder to get out in front an issue like this?

REP. FLAKE: It helps a lot to be naive I think sometimes.

(Laughter.)

REP. FLAKE: Yes, there is something to that. When you just arrive, you haven't had time to develop the friendships that sometimes prevent you from taking positions that you would like to take. So there is something to that.

The important thing is if you have a consistent voting record, if people understand, well, Flake is not a pinko commie. He doesn't like Castro. If you look at his votes in other areas,

he's consistent there. And if you do that and you develop a relationship with people on both sides of the aisle, you can move it ahead, and it does help sometimes to be the new guy.

MR. GRISWOLD: Just a footnote to that, but the banner on this issue was passed from Mark Sanford who was another self-limiter from South Carolina who's running strongly for Governor there, by the way.

REP. FLAKE: That's a good point. I should mention that not just this area, but many areas, the knock on people serving only a couple of terms is always, well, you need somebody with institutional vision, long-term vision. I find that typically those who serve a shorter period of time have a longer vision than those who don't. You don't see the politics of the moment as much. You look long term.

MR. GRISWOLD: Down here. If you could wait for the microphone. As a general rule, wait for the microphone, identify yourself, and then ask your question.

MR. KLEIN: Gil Klein with Media General Newspapers.

What kind of pressure is Tom DeLay putting on people to tow the line? And what do you think motivates him? And do you think that after the gubernatorial election in Florida, Bush might be a little more amenable to this?

REP. FLAKE: Well, I can't speak for the other members. I know Tom DeLay has given up on me on this issue.

(Laughter.)

REP. FLAKE: He feels passionately about this issue. And I should say I've had meetings with Carl Rove on this and Elliott Abrams. I haven't spoken with the President directly on this, but by all accounts, he's very passionate on the issue and I'm willing to give him the benefit of the doubt that this is just an issue he feels strongly about. So I won't put it up to politics. I just think that he's wrong. I just think that the history and the facts point to a different direction that we ought to take.

I should point out -- and this is not a knock on the President at all because I don't think he's involved in the policy down the road. But if we are really serious about undermining Castro, then we aren't using all the tools that we can to do so. We have Radio and Television Marti and we spend in the Congress about \$26 million a year between those two. Well, after 12 years of \$10 million a year for TV Marti, there's no evidence that any Cuban has ever seen a minute of it, yet we continue to produce it. Now, if we were serious about undermining Castro, then by golly, let's put that money to good use.

I've proposed move it over to Radio Marti where audience share unfortunately has slipped to down below 5 percent because the content is simply so bad, but at least somebody is

listening to it. Or use that money and give out free radios down there. Do something that undermines instead of simply creating jobs in south Florida. If we're serious about this, let's use all the tools. We have to be a little skeptical not of the President but of the administration in general. If they are serious that we want to undermine Castro, let's use all the tools. And we're not doing it.

MR. GRISWOLD: How are we doing for time?

REP. FLAKE: As long as my staff doesn't tell me the vote is on.

MR. GRISWOLD: Any other media representatives? Back there.

QUESTION: How far do you want to see trade go, Congressman? Are you willing to open altogether? I wasn't here when you began, so I'm not sure. But you're on a slippery slope. This inevitably will lead to open trade.

And excuse me. One other thing. You've indicated you don't like Castro. You wouldn't shake hands with him. You weren't going to see him. Are you willing to combine your initiative with a strong denunciation of the man and of his regime? Are you doing anything about that?

REP. FLAKE: Well, on the first question, I voted for the Rangel amendment. I didn't sponsor it, but I'd love to get on the sponsorship list. I think that we ought to lift the

entire embargo. We ought to trade it. It's interesting. Just minutes before we started the debate on Cuba the other day, we had a trade vote with Vietnam, very much a communist country still. We don't approve of what they're doing.

And as far as the strong denunciation of Castro, I deliver it whenever I can. I've called him a thug so many times, I'm a little scared to go back myself.

(Laughter.)

REP. FLAKE: But, no. That's been I think the key. As I mentioned, those of us who are pushing a change in policy have made it clear that we understand that he's a bad guy. It's just that we have less faith in him to change than apparently the other side does. I think he's a lost cause, and that's why we need a policy that recognizes that a new Cuba isn't going to involve him and we ought to get started.

But the guy could last a good while longer, and he's not changing. It's very much a repressive system over there. There are political prisoners in a bad way, some reports that he's even clamped down since the Carter visit there. So he's a bad actor and we need to treat him as such. And that's why we need to do what we're going to do.

MR. GRISWOLD: Yes, down here.

MR. GREGG: Thank you. Vance Gregg, Washington, D.C.

I would just like to applaud you, Congressman Flake, for what you're proposing in terms of principles, consistency versus hypocrisy and policy versus politics. I think if we had more people like you in Congress, our country would be doing quite well. Thank you.

REP. FLAKE: Give the mike back. That's wasn't long enough.

(Laughter.)

MR. GRISWOLD: Well, Congressman, how about this question, which I've heard Dennis and other people raise, and that is, as I pointed out, we're virtually alone in the world. The Canadians, the Europeans have been investing fairly heavily down there in hotels, and the number of visitors to Cuba has gone up. They haven't been Americans, but they've gone up. And yet, as we all see, there hasn't been much change. So what reason do we have to believe that American economic engagement and Americans going down there would have a subversive influence in a way that the investment and tourists so far don't seem to have had?

REP. FLAKE: I would simply make the point that we're often told we can't do this or we can't liberalize trade or whatnot because he's just 90 miles off our shore. That's the reason we should, and that's the reason that America will have a disproportionate affect on what Cuba does. They would much

rather import American rice than the Chinese rice they're getting right now, for example. It would be easier and more advantageous for them to trade with us than it is for them to trade with the Europeans.

There are much greater, longstanding cultural ties between the U.S. than with these other countries. You have a community in south Florida that is very much interested in what's going on and would very much like to be a part of a new Cuba. And that you really don't have in the other countries.

So you just have, as a matter of scale, so much more to offer here. And I would argue that American values are just like none other. Free enterprise over here is unlike it is in Europe and everywhere else, and we ought to be exposing Cubans to that. So it's just a matter of scale and longstanding ties and what we can do because they are 90 miles off our shore.

MR. GRISWOLD: Why don't we move on with the program, and whenever you have to leave, we'll understand.

Our next speaker is Ambassador Dennis Hays. Ambassador Hays is the Executive Vice President of the Cuban-American National Foundation, one of the leading Cuban-American groups working for a regime change down in Cuba. He has been a career Foreign Service officer, serving from 1993 to 1995 as the Coordinator for Cuban Affairs at the Department of State in the

Clinton administration, and from 1997 to 2000 as U.S. Ambassador to Suriname in South America.

Ambassador Hays requested reassignment from his position in the State Department in 1995 after it came to light that the Clinton administration had concluded secret talks with the Cuban government to reverse the four-decade-old U.S. policy of welcoming refugees fleeing Castro's communist experiment.

Ambassador Hays' organization supports the embargo, so we're going to hear a different perspective now. Please join me in welcoming me Ambassador Dennis Hays.

(Applause.)

DENNIS K. HAYS,

CUBAN AMERICAN NATIONAL FOUNDATION

AMBASSADOR HAYS: Thank you, Dan. I appreciate the Cato Institute and you putting together this opportunity to address an issue that certainly all of us up here and I suspect many of you care very deeply about.

It never hurts, when you start a discussion about Cuba, to begin with a quote from George Orwell. He noted in *Animal House* that at any given moment there is an orthodoxy, a body of ideas which it is assumed all right-thinking people will accept without question.

Now, the key phrase here, of course, is "without question." Cuba is a very emotional issue, as we all know, but I've also always felt that if we could just agree on some of the basic facts of the matter, that we would find that there's a lot more common ground than we might have assumed.

In listening carefully to the congressional debate yesterday, which came on entirely too late -- you need to move it into the mid-afternoon there next time please.

(Laughter.)

AMBASSADOR HAYS: A number of things kept coming up that I heard again and again from various speakers supporting Congressman Flake's proposal. Americans have a constitutional right to travel. The revolution provides great health care, that the embargo has failed, and that the best way to promote democracy is to open up a country to tourism.

All of these have become orthodox beliefs. None of them stand up to scrutiny, and in the absence of a rigorous examination of our assumptions, what we're left with is a feeling of what ought to be, and we also end up moving from good intentions to bad policy.

Now, as my time is limited and Dan has threatened to kidney-punch me if I go over 10 minutes here, I want to address a couple of those issues.

The first one has to do with this idea that the embargo has failed. I find that this comes from a profound and perhaps even a willful misunderstanding of what embargoes are what they're supposed to do.

If I could digress for a second, there's a difference between an embargo against a country that has a democratic background or institution and embargoes against totalitarian regimes. Embargoes by definition imply that you're imposing some economic pain onto the citizenry of a given country. Now, in a democracy, the people feel that pain and they have a way to reflect that upward through their political process which could then lead to some form of regime change. In dictatorships, that obviously does not happen because there is no connection between the dictator the mass of people at large. Saddam Hussein, Kim Jung Il, Fidel Castro all fall into this. So what an embargo against a dictatorship does is it denies resources to the regime. It makes it more difficult for them to engage in the activities that we find threatening or offensive. I don't want to use a lot of my time on this. I'm happy to talk afterwards to anybody.

The Cuban embargo, when measured against its goal, which is to deny resources to the regime, has succeeded spectacularly, that the Soviet Union dumped over \$100 billion -- and that was one of the goals of the embargo, was to drain the resources of the Soviet Union. Twelve years ago, the Cubans had

a 300,000-man army. Now it's considerably under 50,000, and that's quite an inflated figure. Their navy and their air force are basically nonexistent. They can shoot down unarmed planes or capsize tugboats full of children, but there's little else they can do. They no longer engage in the level of activity of supporting violent revolution throughout the hemisphere. There are no Cuban troops in Africa. There are fewer resources for the committees of the defense of the revolution to oppress the Cuban people. So again and again and again denying resources has, in fact, had an impact.

Now, it's important again also to look at, when you have a Marxist economy, which Cuba has steadfastly maintained in the face of all logic and expectation, Marxist economies will always implode. They cannot sustain themselves. They always require outside inputs to come in to support them. Otherwise, you have a continuing downward spiral of the economy and the lifestyle of the individuals who are forced to live under that. Over the years, Cuba has relied on the Soviet Union, and over the last decade, the Europeans, the Canadians, the Latins and others, to basically give them things to keep their system propped up.

What are the results of this? First off, certainly no political reform. I think we've already established that.

I'm not sure if our Canadian friends or our British friends or our Peruvian friends would accept the fact that an

American tourist somehow has more value and is more representative of the things that we all believe in. That's another argument that we can have there.

Europeans have stopped investing and, to a large extent, stopped trading with Cuba. Why? Because it's a bankrupt dictatorship and they cannot pay their bills. The purchases of American products -- it's actually quite bold and a remarkable action that the Cuban regime has taken. They have stopped paying down on their debts to the Europeans, the Canadians, and others in order to have cash money to buy American products in order to pull us in to replace the Europeans who, on their own, are deciding they no longer care to waste their time and their money in Cuba. So again, when we look at these things, we need to look at what actually is happening and the reality of the situation.

The second one is a little tougher. Again, it gets to an orthodox belief and that is that tourism promotes democracy. I wish it were so. It would be wonderful if sending tourists on spring break could bring democracy to a totalitarian regime. The reality is it does not. It did not do it in the Soviet Union. It doesn't do it in China. It's not working in Vietnam, and it certainly is not working in Cuba. Every time I give a speech, I invite the audience to tell me please if there is any peer-reviewed, academic research anywhere by anybody that has

ever made the case that tourist travel undermines a totalitarian regime. So far I'm not aware of any that's out there.

Now, we certainly have rights. I'm a big believer in rights. I don't like people to tell me what to do, that I have to wear a motor cycle helmet or seat belt or I can do this or buy that or whatever. But with rights have to come some kind of responsibility. And a responsibility that we all have is not to do harm to our friends and our neighbors. All of you I suspect, because this is a self-selected audience, are aware that in Cuba the average Cuban cannot enter into the tourist areas. This is called the tourist apartheid system. 98 percent of the Cubans are affected by it. It is a cause of tremendous anger and frustration against the Cubans who go and lie on the beach. Not everybody is drinking Mojitos, but many of them are. And the Cubans themselves who are denied access to their own beaches along the way.

In Cuba it is a criminal offense to criticize Fidel Castro or the government or their economic system even. You can get three years of hard labor and many people do.

There's blatant racial discrimination in hiring in the hotels. In the hotels themselves, if you are fortunate enough to get a job there, you are subject to extraordinary violations of international labor standards.

Now, again, I know for a fact that certainly no one on this panel and I suspect no one in this room would go knowingly to a hotel in the United States or in Europe that practiced even one of these practices. Yet, somehow we feel that in Cuba we can do all that. Yet, somehow we are bringing forward a democracy in action or an example. Unfortunately, the example that we're giving is not one that I think is to our credit.

Now, I want to be very clear. We do not oppose travel. I think when people think about what tourism does, there's something that we call purposeful travel, and Phil will get into this a little bit I suspect. Someone who goes to Cuba to meet with church groups, with student groups, with labor groups, or these sorts of things, someone who engages, someone who speaks Spanish, somebody who can talk to the people, that is different from being a tourist and lying on the beach. And we support purposeful travel. Much but not all Cuban-American travel falls into this because people have family and relatives and they can talk about their experiences and their desires in a much deeper level than the average tourist does.

I mean, think for yourself. The last time you were in King's Dominion, how much time did you spend talking to the employees there about labor rights or an upcoming gubernatorial election or what have you. You didn't. You were there as a tourist. And that's fine. That's a great thing to be a tourist,

but you're not there to promote democratic reform, and that's what we need to do in Cuba.

I'm getting that look, so I know I've got to wrap up here pretty quickly. One last point I want to say, and that is it's important not to just sort of go through the same rote positions that we've all had. My feeling, both in government and now that I'm out, is that for many years the U.S. government has not been serious about regime reform in Cuba. What we were interested in was stability and not having waves of refugees come up on our shore. And if Castro abused his people, well, that's okay as long as he stays quiet and doesn't bother us.

What I think is new and different and exciting and what I think President Bush is very strongly pushing now is that we're going to take the second half of a policy, the half that's been missing. Think of the embargo as a defense, but we've never had an offense, the offense being what we've done in Eastern Europe, South Africa, and elsewhere, which is to go in and help those people who want and need our help, the people who believe in democracy and human rights, in labor reform, independent libraries. I don't care. Any of those things and any side of the spectrum as long as they believe in freedom. Those are the people we should stand with, not with the people who oppress them.

Thank you very much.

(Applause.)

MR. GRISWOLD: Thank you very much, Dennis. The Congressman was getting the same look from his staff as Dennis imagined he was getting from me. So thank you, Congressman.

Our final speaker is Philip Peters, Vice President of the Lexington Institute in Washington. Phil is one of the nation's top experts in the Cuban economy and Cuban society. He's traveled extensively throughout the island conducting field research on market based changes and the impact of tourism and foreign investment. And I assume you had all the right permits and everything when he went down there, in case there's somebody from the Treasury Department here.

He's the author of many articles and studies, including a Cato study on Cuba policy, which is also available in the lobby. Phil served for six years as a State Department appointee of Presidents Reagan and Bush, the elder, specializing in Latin American affairs. He's also served as a senior aide in the House of Representatives and as a senior fellow at the Alexis de Tocqueville Institution.

Please join me in welcoming Phil Peters.

(Applause.)

PHIL PETERS,
LEXINGTON INSTITUTE

MR. PETERS: Thank you, Dan, and I want to thank Cato for putting this event on and for all you do to advocate free trade.

If this was a courtroom, I really wouldn't speak. My side would rest after Congressman Flake's presentation, but I do have to fulfill my obligation here.

So let me talk about the gulf and the sort of bewildering gulf to me between what is actually happening in Cuba and the conditions that you can readily observe in Cuba and our administration's assessment of them. This to me very much plays into the issue that Dennis raised about the seriousness of the administration.

Here at Cato most of us are great advocates of free trade for practical reasons and it's good public policy. President Bush takes it to a higher level. He says that open trade is not just an economic opportunity. It is a moral imperative, a word I've never used, but it's a moral imperative. The President says, well, we negotiate for open markets. We're providing new hope for the world's poor, and when we promote open trade, we're promoting political freedom. Societies that open to commerce across their borders will open to democracy within their

borders not always immediately, not always smoothly, but in good time.

Now, of course, there's a Cuba exception to that that the administration has. The administration says, with many variations, that the trade with Cuba would help the government and not help the people, and the President himself said that trade with Cuba would do nothing more than line the pockets of Fidel Castro and his cronies.

I think these things are false and they're false not out of any sophisticated economic analysis, but you just go to Cuba and look at what's going on and a simple observation shows you that trade does have an impact and it does have an impact that benefits the people. Let me just give you some examples.

In old Havana, it's probably the most striking example. It's what most people see. There's a huge restoration effort going on in this Colonial core of the city. What they've done is they've taken this section of the city and all tourism revenue goes, 100 percent of it, into the restoration of that part of the city to restore monuments and plazas and streets and the precious historical architecture, and also housing. So there are thousands of people who are now having homes renovated as a result, schools, et cetera.

Right in old Havana I know an artist who works legally as an entrepreneur. He's a very good painter. He happens to be

an evangelical Christian. He wears his religion very much on his sleeve. He supports six people: himself, four people who are employed selling his paintings and then somebody who helps him in the studio. And that's all from tourism income.

Go across Havana, you can meet a family that I know that makes about 1,500 bucks a month -- 1,500 -- because they legally rent a room in their home, or several rooms actually. I've stayed with them, and there are Europeans coming and going all the time. They've been in business long enough and they have enough word of mouth and enough return business that they do quite well.

You go to the colonial City of Trinidad, a five-hour drive from Havana, a very beautiful but a very sleepy place and a hard place to get to, and there are dozens and dozens and dozens of houses like that where the family makes their income and makes a pretty good livelihood by renting out rooms in their homes. Six thousand people nationwide do that, by the way.

If you go to the eastern tip of the island to Moa where there's a nickel plant that's been renovated, it's now a joint venture with a Canadian company. And the workers there have high incomes as a result of their employment by the joint venture. The Canadian company that entered that joint venture negotiated for there to be dollar bonuses paid to the workers, so that compared to the average salary in Cuba in the state sector of \$11

a month, the workers there earn about that in pesos. Plus, a mid-level worker I talked to makes about 60 bucks a month in a production bonus.

That pattern is followed in joint ventures throughout the island, not exactly in the same way, in fact in a whole large variety of ways. But when you talk to workers in joint ventures, the joint venture almost -- I'm saying almost because there must be an exception, but I don't know of one -- let's say that they almost always find a way to supplement the income of the workers.

By the way, that joint venture, as a result of it and other measures, nickel production doubled in the 1990s in Cuba. The energy sector, as a result of another form of trade, foreign investment, has improved, not what you or I would want it to be if we lived in Cuba, but they nearly quadrupled the production of oil in the 1990's and the production of gas -- natural gas is a byproduct of that -- and it has gone up nearly 20 times.

The telecommunications sector is a similar story, where European and Latin American investment has modernized the phone networks, has increased the number of lines that are available for residential service, and given people better service.

Tourism is really the biggest story in this area. They made a decision in the early 1990s to increase their reliance on tourism and to invest in it. Now it's their top foreign exchange earner. Regardless of how the transition occurs, if it occurs,

that we all think about in Cuba, it certainly makes sense for Cuba to convert away from a dying industry and an industry where they have no comparative advantage, sugar, and to invest in an industry where they do have very strong comparative advantage and that is tourism.

So there are many examples then where trade, contrary to what the administration says, increases the income of thousands of Cubans and it puts their economy on a more rational footing, which does not mitigate the political grievances that Cubans have against their government, but it does benefit them to have a more healthy economy.

Now, speaking of tourism, that leads to the discussion that Congressman Flake was getting into, a sort of second set of distortions that the administration has. They put out a white paper on the eve of vote on those amendments that we were discussing this morning, and the State Department white paper says that tourism -- and I'm quoting -- props up the Castro government, but if U.S. tourists could stay where they liked and had real contact with average Cubans, it might be different. Virtually every tourist booking is under government control, and most tourists are effectively confined to a few tourist ghettos.

I almost don't know what to say about that. It's so astoundingly false. As the Congressman said, you can go and spend 10 minutes in Cuba and see that they're false. You can

book the hotel wherever you want. They do have some all-inclusive resorts, and so as a result of that, there's this myth grown up that all travelers to Cuba go to these beach resorts and just stay on the beach, period. But it's ridiculous. There are tourists all over Cuba. I've seen them on the highway in the middle of Cuba. They are all over Havana and other cities. And the idea that there's no contact with average Cubans is similarly false.

It's disturbing enough that the administration, based on reporting from our U.S. interest section in Cuba or Lord knows what, puts out these demonstrably inaccurate assessments of what's going on in Cuba. But it's even more disturbing to me that in their discussion, in this white paper and elsewhere, of the policy options on Cuba, they just do not engage in any assessment of the transfer of ideas and information and American influence that would occur if we had more contact with Cuba in any form. Certainly the entrepreneurial sector that I referred to, the people who sell art, who have taxis, who have private restaurants, and many people like them, would boom if there were American travelers to Cuba.

The administration talks about providing grants to U.S. organizations from AID somehow so that these U.S. organizations would take this taxpayer money and somehow promote entrepreneurialism in Cuba. I would suggest a more direct way to

do that is to let Americans be free to travel to Cuba as they see fit, not because they've complied with some government licensing requirement, and instead of having this cockamamie scheme of government grants, provide more business revenue to these entrepreneurs. That's how they will grow.

In the end, it makes me think that the reason that the administration wants no travel to Cuba is because they don't want the American people to understand, within the first 10 minutes of being on the ground there, just how false is our own government's assessment of what's actually going on there.

With that, I'll stop and we'll have questions. Thank you.

(Applause.)

MR. GRISWOLD: Well, let me exercise the moderator's prerogative and just start off with a couple of questions of my own. Phil, I'd like to give you a whack at the question that I posed to the Congressman, and that is, there has been a dramatic increase in tourist visits to Cuba and investment there from a very low base 10 or 15 years ago. Yet, everybody agrees the situation, at least politically, there hasn't changed much. What reason do you have to believe that American tourists and American dollars there would have a transforming nature in Cuba that the increase in tourism and investment hasn't had so far?

MR. PETERS: Well, I don't argue that an end to any aspect of the embargo, whether we lift the travel ban or allow limited investment, full investment, limited trade, full trade -- I don't argue that those measures would bring democracy to Cuba. In fact, the President's words are very well chosen, that trade brings change to other countries not always immediately, not always smoothly, but in good time. So I don't make that argument.

I think there's a problem in U.S. policy that's a pretty serious one where we set out ends and means that are completely out of whack. The most current version of it -- but there have been many, many in the history of Cuba policy -- is the administration's assertion that its policy is to promote a rapid and peaceful transition to democracy in Cuba. I'm not arguing with the goal, but truly none of the means that they're bringing to the table have any connection to that goal.

Certainly the European investments have made some of the changes that I've referred to here. If we opened up American investment to Cuba, I don't know how dramatic the impact would be. Certainly some joint ventures would take place, but it would take a while for American companies to get to know the market. It is not an ideal investment climate. So I think there would be a great deal of interest followed by a very cautious examination and then some deals.

Travel would expand those entrepreneurial sectors I'm talking about and increase the flow of ideas, but I don't argue that it would immediately lead to democracy.

MR. GRISWOLD: Dennis, I don't want you to feel left out. I've got a question for you, and that is, you've made the case that our goal should be to deny the Cuban regime dollars, hard currency, and that tourism and travel there would just funnel money. I think you know what I'm going to ask, and that is, that most of the dollars going down there now are coming from Cuban-Americans. Correct me if my numbers are wrong, but 100,000 or so Cuban-Americans go down there every year. Something on the magnitude of \$800 million a year. What's your figure?

AMBASSADOR HAYS: 250 to 300.

MR. GRISWOLD: All right. But anyway, virtually all the remittances, I would propose, come from Cuban-Americans, which is the group you represent. Now, why are those dollars good for Cuba, but the dollars people in this audience might spend down there are bad for Cuba?

AMBASSADOR HAYS: Well, that is a good question. I think in response to that, what I would say is that everything that we do and everything that we send to Cuba or to anywhere, there's a spectrum of harm or good that can be done with that. The decision that I think a lot of people in the Cuban-American community have made is that when they are confident that they can

get something directly to their family member, their grandmother, their cousin, the person they went to school with, then they can do that even though some portion of that does end up supporting the regime. It is not hard to understand how people can love their grandmother while still hating the Fidel Castro regime. And the decision is that if they do not send that money, then their family member goes hungry. Fidel Castro does not.

So again, when you look at what actually is happening in those areas that Phil has talked about, when you have activity that separates the individual from the crushing weight of the regime, be it in terms of having money to buy food and not rely on the ration card, or to have a small business and not rely on the state employment agency, we support it and we're in favor of it. So I don't know that there's as much of a disagreement here as you might think.

Let me just quickly talk about Phil. We have to remember that it's not just us. We have this arrogance that American tourists are somehow better than any other tourists and that American business is somehow better than any other business.

MR. PETERS: I didn't say that.

AMBASSADOR HAYS: Hang on.

What happens when the European or an American or any other business goes to Cuba is they're given a choice. You play by our rules or you don't play at all. That's it. So please

remember that the Castro regime -- just because we lift our embargo, what is it that changes in Cuba? Probably nothing. There's no impetus because the regime's strategy is survival, and the way that they believe they can survive is just to not let go. The mistake that the East Europeans and the Soviets made is they let go of that control and they lost everything, and Castro is determined it won't happen to him.

MR. GRISWOLD: We've got several minutes for some questions. Again, wait for the microphone, identify yourself, and if necessary, say who the question is directed at. Do try to phrase it in the form of a question like Jeopardy and not give a three-minute speech. So I know Ernie won't do that.

MR. FRIED: Ernie Fried, Manufacturers Alliance.

A very brief comment to say American business -- you have to play by their rules or not at all. That's the way it is in every country. And that's what American businesses should decide and it shouldn't be for you to decide whether American business --

AMBASSADOR HAYS: Ernie, you're right.

MR. FRIED: My question, though, is different. It's on freedom of travel. I'd like to travel. My wife would like to come with me. I can't. But it's the political thing. Why should the federal government not permit me to travel to countries? I know 20 or 30 years ago, overriding national

security threats in Cuba and the courts upheld that. But their army is down to 50,000. No air force, no navy, blah, blah. They don't have troops. Why does the federal government not permit me to travel? Is there a constitutional right we have? Or where does it stand within our legal system? I leave it to either one of you to answer.

AMBASSADOR HAYS: Well, first of all, Ernie, as you know, I'm a radical on a lot of these issues. I mean, I don't eat at McDonald's or Starbucks because they blatantly discriminate against women in Saudi Arabia. Here's an American company. What more icon of American business is there than McDonald's? And yet, they accept the rules that they feel that they're forced to work under in Saudi Arabia and they don't serve women. Okay, that's a personal choice I make, and I hope others might make the same thing if they come along, but don't look for backbone out of the American business community in working with overseas governments and promoting human rights and democracy because the track record is very bad.

MR. PETERS: Can I comment? There is not a constitutional right for Americans to travel, and the courts have interpreted that that's the case in the same way that they give very wide berth to the President's foreign policy powers in other types of cases.

In this case it's a policy choice, though, and your question gets at that. Is there any justification for denying Americans the right to travel to Cuba? And I don't find any. This is the kind of society where we have rights unless the government abridges them, unlike some other kind of countries that we're talking about today. And for the government to abridge them, it's the American way for the government to have very, very strong reasons. In the case of Cuba, there truly are none.

Moreover, you do have a situation where Cuban-Americans travel freely, and as the Congressman said, there is no enforcement whatsoever against them on the limits on travel that apply to them. So it is really unacceptable that we have a travel ban that has no foreign policy justification, but that for political reasons is applied to some Americans and not at all applied to others.

AMBASSADOR HAYS: I'm in favor of across the board things applying to everybody, but Ernie, let me ask --

MR. PETERS: Well, the administration won't listen to you on that.

AMBASSADOR HAYS: -- in any nation in the world -- forget Cuba -- will you stay in a hotel where the citizens of that country are physically prevented from entering into the area

or where it's a criminal offense for them to talk to you about their hopes and beliefs? I don't know. Is that okay for you?

MR. FRIED: -- in the last couple of years, and that prevails there, but I still go there and we do business and trade, and we think it's in the U.S. interest to do so.

MR. PETERS: Can I make an impertinent comment here? I've gone to Cuba. I stay in private homes. I've also stayed in hotels. I've hosted a lot of Cubans for meals in hotels, for little meetings in hotels, and they leave. The sun comes up the next morning. I go back the next time. They're still there.

MR. GRISWOLD: Yes.

MR. WEINER: My name is Jim Weiner from Palm Beach, Florida. A question for Ambassador Hays.

Dennis, these kinds of discussions always seem to get hung up because your side never seems to be wanting to come forward in any part and any way with something like giving up -- it would be like giving the Sudetenland to the Fuhrer. Is there something, anything you can think of, that you might be forthcoming with, and would you speak specifically to what was mentioned earlier, Radio Marti and TV Marti?

AMBASSADOR HAYS: Well, I've been around the Cuba issue for 10 or 12 years now, as you know. I think there's actually been tremendous change and expansion and development on many levels inside the Cuban-American community with respect to the

policy issue. Recently we had our annual meeting and we had Vladimiro Roca Antunez and another dissident who spoke freely from Cuba to our group. That's something that probably would not have happened in years past.

I think now inside the whole Cuban-American community, there is a recognition that people who are on island are deserving of our help. The people who stay, the people who go to prison, rather than exile, are people who deserve our respect and our support. And that is what I would hope with Phil and the Congressman and others. You can be against the embargo. Okay, fine. But at the same time, I don't know why you would not be able to support the dissident community.

The Martis. I'm all in favor of more efficient use of government funds. Let's make it work. Let's do satellite. There's a guy in Los Angeles who beams up a signal into Iran. He's a private citizen. If he can do that, why can't we do that? Why can't we send video cassettes? Or those radios are a great idea. I think that we have to have some imagination, and it goes back to my point of I don't think we've been serious about having a regime change in Cuba, and so we haven't put our creative juices to work here to make it better.

MR. GRISWOLD: Are there any questions in back?
Sometimes we discriminate. I see a hand.

MR. SMITH: Yes. Wayne Smith, Center for International Policy.

Dennis says he's been involved in this 10-12 years. I went to Cuba first in 1958, and I've been watching Cuba ever since.

There has been change. The idea that European investment and travel and so forth has brought no change is simply not true. It's very, very slow, a glacial pace, but it is happening. The idea that travel doesn't accomplish anything I simply find astounding and I'd like to link it to your last statement, Dennis, that we should support the dissident community.

I've been working with the dissidents and human rights activists for about 15-16 years now, and I note that Elisardo Sanchez, the leading human rights activist, and most of the other human rights activists and dissidents, urge that we lift travel controls because as Elisardo puts it -- he has said it over and over again and I've quoted him about a thousand times -- the more American citizens in the streets of Cuban cities, the better for the cause of a more open society. We have followed this in years past. You say it didn't help in the Soviet Union. It most certainly did. I was there.

MR. GRISWOLD: Time for a question.

MR. SMITH: Just a minute. It's a comment. It's not a question.

We urged travel to the Soviet Union. Why did we push the Helsinki agreements? It's always been an article of faith that the travel of Americans abroad helps to spread the message of democracy and the American way. So why is that not true in Cuba?

AMBASSADOR HAYS: Well, again, I want to emphasize I'm not against tourism. I think it's a great thing. It's a great industry. I'm from the great State of Florida, and we depend quite heavily on that.

My point that I'm trying to make is that tourist travel does not undermine repressive regimes because the repressive regimes are in a full-time effort to make sure that exactly that doesn't happen. The reason all these things that I talked about earlier exist is to prevent that from happening.

What is it that prevents the Cuban government from changing the law and allowing its citizens free access into these areas or to decriminalize conversations or to begin to hire without discrimination? Nothing. They could do this tomorrow and it would help them considerably. Congressman Flake would have a much stronger argument to say, you see, here is something that's happening.

They don't do it because they have tourism as a revenue stream. It's one of the few things that they can do. Biotech didn't turn out. Nickel, despite the pollution that Sherritt and the others are doing, doesn't really get them that much money. So they have to have this stream of revenue. And that's all I'm saying is that have them change the situation and then the situation changes for us too.

MR. GRISWOLD: Phil, did you want to add to that?

MR. PETERS: I'll comment briefly. Imagine if I presented myself to you as an expert on Africa and gave a talk about Africa and described my time 10, 15, 20 years being an activist on Africa, and then saying to you, and I've even gone to Africa and I've even talked to people in Africa. There's something slightly absurd -- I don't want to be impolite, Dennis -- about that. But this is a measure of where things are.

The Cuban-American National Foundation is so divorced from the situation in Cuba, that we'll sit here and take credit for actually talking to people in Cuba on the telephone, for actually taking the dissidents seriously, and for actually giving credit and having some concern for people who have actually stayed in Cuba and saying they should be part of the equation. That is amazing that the foundation would want to take credit for that.

In addition to talking to the Cubans in Cuba, they should also listen to them. Wayne is absolutely right. And it's not just the dissidents. People in Cuba want to be connected with the United States. They like people from the outside, period. But they associate contract with the United States and trade with the United States with better times, and they think it would open things up. So it's great that we talk to them on the telephone, but we should listen to what's coming in on the other side. It's great that the administration has these ideas about supporting the Cuban people and more grants to do Lord knows what. But why not listen to the dissidents rather than give them money? Why not listen to them and take their advice seriously?

MR. GRISWOLD: Back there on the left.

QUESTION: Mr. Hays, I would like to know why, if the embargo is working according to you, in four decades nothing has been achieved and Fidel Castro is still there?

AMBASSADOR HAYS: I'd have divide your question in half there. The part of Fidel still being there I talked about. I don't think that we've been serious about having regime change, and embargoes by themselves do not bring about regime change in repressive societies.

As far as things changing, Wayne and Phil and everybody are correct. There are things that are somewhat different, but the lesson that we've learned over 40 years is Fidel Castro

represses when he can. He reforms when he must. The only things that have sort of happened over the past time that count as reform, legalizing dollars, the farmers' markets, the limited self-employment, occurred in times of economic distress, when they needed to resolve the pain that they were in. As soon as that was relieved, even a little bit, then things stopped happening. The small business, which we all know was on Fidel's desk for three or four months, was stopped. The self-employment was restricted.

So again, you have to remember what it is that's the guiding goal of the Castro regime, which is survival. They want to survive. He survived.

Where in the hell is Gorbachev? You know, Gorbachev, Glasnost, Perestroika, all these great ideas. Castro told him don't do it. You're insane. You will lose everything. Well, where's Gorbachev today? Castro is still in power because he keeps that control.

MR. GRISWOLD: Yes, down here.

MR. LEVIN: My name is Edward Levin. I'm just a citizen interested in the issue, and I have been to Cuba, legally I might add, and I know that what Mr. Peters says about tourism and how that helps individual people and families is absolutely accurate.

It seems to me that maybe the priority is off here. I don't understand why it is so critical that regime change come before helping the people of Cuba. If we help the people of Cuba become economically prosperous and independent, it seems to me that the regime will become increasingly irrelevant to them. And if they pave the streets and provide good education and health care, which they do -- you can argue with that. The problem with health care is they don't have any aspirin, and if we would sell them some, they do better at that. Or if we could just take it in our suitcases as tourists, they would do better at that. I don't understand why economic independence and prosperity for a rising number of people won't make the regime less and less relevant. I don't think this communist regime represents a great threat to us in any way, and maybe we've got our priorities backwards.

MR. GRISWOLD: Would you both respond to that and then I think that will be a good close of the event.

AMBASSADOR HAYS: Yes. I mean, nobody begrudges somebody having more food for their kids. Certainly if you look at China and the things that they've done. But remember that having a more efficient dictatorship is not necessarily a goal for this nation. I believe very strongly that our future is in a world of prosperous democracies not in a world of bankrupt or even prosperous dictatorships. So what is it that we're doing?

What is that the people in Cuba want? Breathing free. People find a way to vote one way or another. If they can't vote in a ballot box, they vote with their feet. They vote by leaving the country. Some vote by staying and ending up in prison.

Phil mentioned, what, 6,000 people renting houses, and that's great. But that's .005 percent, if my math is right, of the population. There are huge slots of Cuba that don't get remittances, that don't have tourists coming through, and what is happening to those people? How are they going to be engaged and put into a civil society where they can have a decent standard of living and some respect as an individual?

The last point because I can't resist it. Fidel Castro has addressed the question of the aspirin, and that is he doesn't buy from the United States, which he always could, because it's too expensive. It's much, much cheaper to buy it from Brazil or Mexico than it is to buy it from the United States. So I don't mean to be flippant, but there are other issues here that factor in on this stuff.

MR. GRISWOLD: Your 30-second wrap-up --

MR. PETERS: Well, I think the gentleman's question is very much on point, and it again for us illustrates the gulf between the Cuban people's perception of their own situation and that of Miami which is quite divorced from what people see in Cuba. Your question reflects it. Their view is, sure, they'd

like to have more freedom, more independence. They'd like to have total freedom and independence, but why begrudge them some now? Why begrudge them marginal positive changes?

I agree that 6,000 people is not a lot in an island of 11 million people. But, Dennis, if the European countries and all the countries around the world followed your advice, there are 6,000 people who would not have a livelihood that's a good livelihood in Cuba now. And I think there's nothing wrong with having that. There's a lot that benefits the American interest for them to have that.

I'll wrap up. I don't need a separate closing statement. I would just say this. There's a lot of discussion in our policy debate about the transition and about post-Castro Cuba. Now, we don't know when post-Castro begins chronologically, and we don't know how the transition will occur, if there even is a transition. I really don't think it's likely that they're going to announce a transition in Cuba and then say, okay, now, let's go look up the Helms-Burton Act and see what's going to happen now, what are we supposed to do. We've even given money, time and again, to different organizations. There was just an AID grant of \$1 million to the University of Miami to do another study of the transition.

I think we have to set all this aside and look at the fact that an 18-year-old entrepreneur, a 22-year-old student,

anybody who is under 60 is post-Castro Cuba. We don't have to wait for one man to leave the scene in order to engage with post-Castro Cuba. We can do that right now, and that's the opportunity that we are tragically missing because there will come post-Castro Cuba. We don't know how the politics will evolve, but our opportunity to engage with and to influence and argue with and disagree with the people who are going to be involved in that is right now.

And our policy should be to free all Americans to do that as they see fit, not to have a bureaucratic system that almost could be run by Soviet state planners where you say, well, you can go for seven days, but you can't go. You can go for this purpose. I'll give you a license for this; I won't give you a license for that. It's so un-American. It's so alien to any other experience we have, and it builds a wall between us and the Cuban people that doesn't serve our interests and doesn't align with what the Cuban people actually want.

MR. GRISWOLD: 30 seconds. Wrap up.

AMBASSADOR HAYS: Conversations like this inevitably sort of end up focusing around economic issues or business issues or these sorts of things, and I always regret that because what kind of gets me up in the morning is thinking about an Oscar Biscet or a Francisco Chaviano or any of the other hundreds of political prisoners who wake up in a cell with common criminals,

often beaten, denied medical care, occasionally dying because they believe in the same things that we believe in and because they stood up and said, enough, we're not going to live like this anymore. Those are the people we should be worried about first, and then we'll worry about the artist selling his wares on the street.

As a last kind of thought and what I started out with is I would ask each of you to look deeply into your assumptions on Cuba or on any other foreign policy like this. And our first goal should be to help not to hurt the people of that beleaguered nation. Thank you.

(Applause.)

MR. GRISWOLD: Well, there's no reason why the conversation can't continue upstairs. If you join us in the Winter Garden, there's a complimentary buffet lunch there. Our speakers will be joining up there hopefully, and you can ask some questions then. Thank you for coming.

(Whereupon, the policy forum was concluded.)