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CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

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MEMORANDUM

CHANGING INFLUENCES ON CUBAN FOREIGN POLICY

Despite Castro's manifest interest in the current efforts to complete an anti-hijacking agreement, there is no indication that he is interested in working towards a broader normalization of relations between Cuba and the US -- except on his own terms. There are influences at work in Castro's relations with the USSR and with Latin America, however, which appear likely to speed the growth of Cuban intercourse with non-communist countries over the next couple of years, and to affect, at least indirectly, the character of Cuba's relations with the US.

This memorandum assesses Castro's policy failures in economic development and in export of violent revolution which have served to increase his dependence on the USSR and to reduce his credibility as a force for shaping the course of events in Latin America. Moscow's apparent interest in encouraging Cuba toward more extensive ties with the West and Latin America's growing efforts to "pull" Cuba back into the hemisphere community are then considered. The paper ends (paragraphs 25 through 28) with a brief discussion of the implications for the US of the breakdown of Cuba's isolation.

This paper has been discussed with other components within CIA, but has not been formally coordinated.



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1. We see no evidence that Castro is in the process of altering his terms for a broad normalization of relations between Washington and Havana, in spite of his public support for completion of an anti-hijacking agreement. In mid-December Castro stated that an essential condition would be US abandonment of the policy of sanctions against Cuba;* on earlier occasions he has cited two other conditions: US evacuation of Guantanamo Naval Base and the ending of "subversion" against Cuba. These requirements aside, Castro apparently remains convinced that the US government is basically hostile to him, and he is thus deeply suspicious of US intentions toward his regime. His reaction to any overtures from Washington would probably be governed at least as much by atmospherics -- by whether or not the overtures seemed to indicate US willingness to accept his government's legitimacy -- as by the practical advantages Cuba might gain from a positive response.

2. Castro's uncompromising posture does not appear to rule out possibilities for accommodation on minor issues. Particularly if the US and Cuba reach some agreement on hijacking, Castro might

* In 1964 the Organization of American States (OAS), upon Venezuela's initiatives, passed a resolution recommending that OAS members terminate all diplomatic and commercial relations with the Castro government. Only Mexico did not comply with the resolution. US restrictive legislation dates from the early 1960s.

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begin to feel more confident about seeking other kinds of trade-offs; e.g., Cuban easing of eligibility requirements for the departure of refugees via the air lift in exchange for some further easing of US restrictions on travel to Cuba. But this kind of piecemeal bargaining will probably not have much effect on Castro's willingness to negotiate with the US on the larger issues associated with Cuba's revolutionary course over the past decade: Castro's close ties with the USSR and his promotion of revolution elsewhere in Latin America.

3. Yet in both these spheres Castro has been able to exert less and less independent influence in recent years, and the initiative for change has come to lie more and more with Moscow and the countries of Latin America. These developments reflect, in good measure, Castro's failures both at home and abroad.

The Stagnant Revolution

4. By any historical standard, the political and social changes Castro has brought about in Cuba have been truly revolutionary. The once dominant upper and middle classes have been destroyed or banished along with all traces of US economic and political influence. The country's economic resources have been

redistributed on a massive scale; and greatly expanded health, educational, and housing programs have measurably improved the status and condition of the poor. Among the latter in particular, despite the regime's totalitarian mold, a sense of revolution persists -- a still evolving mix of nationalism, resentment of past US domination, and pride in the social improvements achieved. And despite many admitted failures in his 14 years of single-handed rule, Castro continues to dominate. Part communist, part nationalist, part *caudillo*, he remains the *lider maximo* and the controlling force behind it all.

5. But the Cuban revolution now appears stagnant and side-tracked, largely because of miscalculation and mismanagement in the economic sector. The early rush toward rapid industrialization and agricultural diversification was ill-conceived and found the government's managerial and technical resources inadequate to the task. By 1964 the economy had slowed to a halt. The swing of the pendulum back to a sugar monoculture, culminating in near total mobilization of the country's labor force to try for a 10-million ton sugar harvest in 1969-1970, proved similarly ill-fated. The harvest fell short by more than a million tons. Partly because of the excesses of the 1970 effort but also because of severe drought, production fell sharply to less than 6 million tons in 1971 and to only about 4 million tons in 1972.

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6. The net result of Castro's policies has been stagnation of production since 1961. Because of the poor sugar harvests, per capita GNP during both 1971 and 1972 was well below the level of 1961 and of the late 1950s. The economy continues to be plagued by disorganization, mismanagement, low productivity, and worker absenteeism. Although there appears to have been recent improvement in the availability of certain consumer goods (used mostly as incentives to spur production), severe shortages persist and stringent rationing has become a way of life.

7. Castro's economic failure at home is matched by his failure to establish himself as the leader of revolution abroad. Cuban attempts to overthrow governments in Latin America through guerrilla operations have been at best ill-conceived and at worst quixotic. In countries where at one time or another the Cuban hand has been evident -- notably in Bolivia, Colombia, Guatemala, and Venezuela -- Castro's agents and allies almost invariably underestimated the ability of the local security forces to retaliate and displayed an abysmal lack of understanding of the local political terrain. Rather than creating a new revolutionary dynamic, the Cubans usually ended by merely exacerbating existing divisions among local communist and other revolutionary groups. Though some guerrilla groups still are capable of causing sporadic disorders,

in no case do they possess sufficient strength to pose a serious threat to the established order. The Cuban thesis of violent revolution has thus become discredited or irrelevant, or both, among Latin Americans who once thought it might represent the wave of the future.

8. The consequence of Castro's dual failure to make his revolution succeed at home or to export it abroad has been to increase his dependence on Soviet support and to reduce his credibility as a shaper of events in the hemisphere. At this point at least three inter-related sets of foreign actors are of growing importance in shaping the character and range of his options. There are, first, the pressures on Castro arising from his Soviet ties. Moscow is anxious to safeguard its considerable political, economic, and ideological stake in Cuba, but seeks to balance this against its stake in "normalizing" relations with the US and in expanding its influence in Latin America generally. Then there are the shifting views of Latin American countries on the issue of Cuba's isolation in the hemisphere in the context of changing US-Latin American relations. Finally, there is the ability of the US to continue or relax pressures on Castro directly or via other governments and international agencies. While Castro may see some room for maneuver in Latin America, his policy stance vis-à-vis the Soviet and US Goliaths is defensive and reactive.

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The View from Havana

9. Castro is undoubtedly uncomfortable with his increased dependence on the USSR as the source of the essential resources, particularly oil, needed to keep the Cuban economy afloat.* He must also have qualms about the well-entrenched Soviet presence on the island, especially the close Soviet scrutiny of his economic planning. He probably views Moscow's use of Cuba to support Soviet naval vessels and aircraft with mixed feelings: a sign of Cuba's importance to the USSR and perhaps a deterrent to the US, but at the same time an infringement on Cuba's sovereignty, especially in the eyes of other Latin Americans. Yet economic necessity and his own ideological commitments appear to have left him with no currently acceptable alternative to dependence on the USSR. He probably sees the US as ideologically too hostile and geographically too close for Cuba to find safety in a position of nonalignment.

* During 1969-1971, Soviet economic credits to Cuba averaged nearly \$400 million annually. During 1972, Soviet credits exceeded \$500 million, equal in value to more than one-third of total imports. Through 1971, Cuba received about \$3 billion in development and balance-of-payments assistance from the USSR. Cuba also benefits from guaranteed Soviet purchases of sugar at prices usually above the world market level. The actual volume of Soviet purchases each year appears to be adjusted to balance the USSR's needs for domestic consumption against Cuba's opportunities to increase its sugar sales in Western markets and thus reduce its need for Soviet assistance.

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10. Castro deeply resents Washington's continued attempts to enforce the hemispheric policy of economic and diplomatic sanctions. The resentment springs more from a feeling of national humiliation than from real economic deprivation. The effectiveness of the sanctions has been steadily weakened over the years by the substitution of machinery of communist origin for US machinery in the vital agricultural sector, and by gradually expanding commercial ties between Cuba and Western Europe, Canada, and Japan. Ending sanctions would enable Castro to obtain certain industrial spare parts at a lower cost. It would probably also increase Cuba's access to Western sources of trade and credits, but only marginally because of Cuba's limited ability to expand exports. It would not relieve the country's basic economic malaise, though it would provide a small measure of relief from Cuba's heavy dependence on the USSR. The gains for Cuba, therefore, would be primarily political and psychological: With the ending of sanctions, Castro could claim an important victory over "US imperialism".

11. If the US were to signal a willingness to remove sanctions and undertake other steps to normalize relations, Castro would want to be sure that the *quid pro quo* expected of him did not compromise his anti-imperialist revolutionary credentials. He would not be interested in a trade-off which involved compensation for nationalized

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US businesses on the island. Even if the US should offer to reinstate the Cuban sugar quota or to extend other substantial forms of aid, he would want to make clear that acceptance did not imply abandonment of his political and economic ties to the USSR or restrict him in reacting to opportunities to further his objectives in Latin America and the Third World.

12. Castro may see some problems arising over the longer term from his narrow margin for maneuver vis-à-vis the US and the USSR. During his visit to Moscow in June 1972, in exchange for continued Soviet aid at the high level of recent years, he gave formal (though qualified) support to the Soviet approach to detente with the West. Having thus committed himself, he may now be wondering whether Moscow and Washington in future moves toward East-West normalization might consider arrangements involving Cuba.

13. Castro would bitterly resent any appearance that Moscow and Washington were making a deal over his head. Moscow, aware of this, would probably feel obliged to consult him before completing any agreement affecting Cuba. In these circumstances, Castro would

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insist on a US concession of visible benefit to Cuba, e.g., US evacuation of Guantanamo.*

The Moscow Connection

14. Moscow probably feels that its Cuban investment, though costly and at times troublesome, is at least secure. With Castro fairly well locked into the Soviet sphere -- the most recent link was formalized at mid-year when Cuba joined the Soviet-bloc Council for Economic Mutual Assistance (CEMA) -- and with their own presence on the island well-established, the Soviets would probably like to see formal Western recognition of the *status quo*. Confident of Castro's basic anti-US orientation and of his continuing economic dependence on the USSR, the Soviets probably now feel that an expansion of relations with the West would not jeopardize Cuba's manifold links to Moscow or the well-established socialist structure of Castro's regime. Although increased ties with non-communist countries would not much reduce Cuba's economic dependence on the USSR, the Soviets would hope that over the longer term a greater influx of

* Moscow may in fact be trying unofficially to determine whether there would be interest in a deal along these lines. The Soviet Ambassador in Havana recently suggested to a US newsman that the USSR might be willing to reduce its presence in Cuba in exchange for the eventual abandonment of Guantanamo by the US.

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Western credits, aid, and technology would hold down the cost to them of underwriting the Cuban economy.

15. The Soviets continue to assess their stake in Cuba in the context of their larger, long-range strategy in Latin America as a whole. They view growing nationalist trends and declining US influence as opening opportunities to enhance their own image and influence in the region. They apparently feel that a widening of Cuba's range of contacts at this time will not endanger and at times will facilitate the advancement of their own objectives in Latin America.

16. Finally, Moscow may well believe that it has more to gain than lose by encouraging Castro and the US to temper their adversary relationship. It may hope thereby to reduce the chance that Cuba might again become a major issue between the US and the USSR. They may also view such a development as a means to advance their goal of maintaining a naval presence in the Caribbean area without upsetting their improving relations with the US.

17. Moving to reduce Cuba's isolation would carry some risks for Moscow. The Soviets might fear that increased Western influence would make it more difficult for them to guide Castro's economic policies. The process of opening up Cuba to the West would have to

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be fairly well controlled to prevent either a serious weakening of ties with Moscow or a restoration of major US influence. In the context of their larger hemispheric objectives, the Soviets would be concerned that once Cuba was accepted into the Latin American community Castro might again, as he has in the past, challenge Soviet orthodoxy in order to advance his own parochial interests. They might also fear a rash act by Castro which could provoke new tensions between the US and Cuba and adversely affect their own game plan with Washington.

18. Despite these uncertainties, however, Moscow is probably more confident in regard to Cuba than it was a year or two ago. It is likely to calculate that Castro's range of options has now been sufficiently narrowed and that its own capability to guide developments in Havana is well enough established to minimize the risk that Castro will move in directions that would jeopardize basic Soviet interests.

The Latin American "Pull"

19. Over the past year or so, Latin American leaders have begun to question seriously the wisdom of continuing Cuba's isolation in the hemisphere. They attribute the economic failures of the Castro regime, quite rightly, more to Castro's bungling and

mismanagement than to the success of sanctions. Most Latin American leaders see diminishing reasons for maintaining the policy in Latin America in the face of growing Cuban trade with Western European countries, Canada, and Japan. Some have expressed concern that Washington might make a sudden turnaround on Cuban policy without advance consultation, thereby leaving them in an embarrassing position vis-à-vis local ardent nationalists. Moreover, though Brazil and some other governments continue to maintain generally hostile attitudes toward the Cuban government, most no longer feel endangered by Castro's futile attempts to foment violent revolution in the region.

20. The more benign attitude in part reflects the passing of the Cold War belief that the countries of the hemisphere must stand together against communism. The feeling that the superpowers can now be counted on to move toward peaceful solutions of outstanding problems has had the result of turning many Latin Americans away from world problems which do not directly affect their interests. If they are unpersuaded by US warnings of a continuing Cuban threat, they are also not greatly disturbed by the Soviet presence in Cuba.

21. The erosion of Latin American support for the policy of isolating Cuba has also been influenced by the growth of nationalism

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in the hemisphere. Nationalist revolutionary aspirations and the determination to assert foreign policies manifestly independent of US influence moved Chile (in late 1970) and Peru (in mid-1972) to reopen diplomatic relations with Cuba. Most recently, nationalist pretensions and a new emphasis on regional ties have led four Caribbean Commonwealth countries -- Guyana, Trinidad and Tobago, Jamaica, and Barbados -- to establish relations. Other countries -- including Panama, Ecuador and Venezuela -- have shown interest in moving in the same direction.

22. Castro's growing acceptability in the hemisphere seems to be prompted, in good part, by the feeling that, whatever else he may be, he shares with other Latin American leaders most of the problems and frustrations of the developing countries in the hemisphere and in the Third World generally. This growing sense of a common identification (in contrast to declining Cold War or Pan-American loyalties) can be partly attributed to mounting Latin American impatience over the failure to achieve substantial progress in economic development (with one or two notable exceptions) and to a feeling that the US and the other rich industrial nations have written them off economically. Increasingly, Latin American leaders feel that if they are to move ahead they will have to rely on their own solutions. These attitudes are reinforced by, and in turn

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provide impetus to, anti-US nationalist trends. To the extent Castro is identified with these attitudes, his anti-US posture has become more widely accepted and respectable. Indeed, many Latin American leaders feel a certain sympathy with Castro's claim to be a martyr to US economic interests.

23. Castro has already adjusted his tactics to take advantage of the changing regional climate. He has retained a capability for supporting guerrilla activities. But he has become generally more cautious and selective about extending that support. In practice, except for training of would-be revolutionaries within Cuba, Castro's aid is now restricted for the most part to those insurgent groups which have shown an ability to survive on their own and to engage in attacks against conservative regimes, e.g., in Guatemala. Meanwhile, as his ideology has broadened to include support for established "revolutionary governments" like those in Chile and Peru, Castro's approach to the region has become more realistic.

24. On the non-governmental level, Castro's emphasis has shifted from support of guerrillas to traditional methods of political intelligence and covert action. In this area, Castro is working more closely with orthodox communist parties, while

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continuing his efforts to influence other political groups and labor and student organizations toward revolutionary activities. Diplomatic missions like that in Chile are useful to him in this regard. But Latin American governments are aware of Castro's changing tactics, and these efforts are not likely to pose a serious threat. By and large, Castro-supported groups will continue to be countered by established governments or absorbed by indigenous nationalist and revolutionary movements. Castro is likely to see a need to be judicious in his support of subversive as well as guerrilla activities in order to maintain his new acceptability in the region and to facilitate a further growth of normal relations with established governments.

Outlook

25. In the light of all of the above considerations, a growing number of Latin American countries can be expected over the next couple of years to defect from the US-backed policy of isolation. This will pose certain problems for the US. To the extent the US actively resists the "pull" of Cuba back into the Latin American community, Castro will be viewed as a victim of US intransigence and vindictiveness, and there will be a risk that each new defection from the sanctions policy will be looked

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upon as a defeat for the US. Alternatively, if the US takes the lead in abandoning the policy, there will be the risk of friction with Brazil and other anti-Castro governments in the region. Most Latin American governments would probably prefer a third alternative somewhere between these two extremes; i.e., they would want the US to consult with them about its attitude on sanctions and then stand aside as each country determines on its own whether and when to reestablish relations with Cuba.

26. As the reentry process reaches completion, Castro's "martyr" image will tend to dissipate. He will continue to attack and criticize the US and he might influence some of the smaller nations in the region toward anti-US positions on some issues. But it is unlikely that he will be accepted as a hemisphere leader by most Latin American governments. Cuba's small size, Castro's domestic economic failures, and his manifest dependence on the USSR will limit his ability to influence regional councils which also represent the interests of larger countries like Argentina, Brazil, Colombia, Mexico, and Venezuela. Moreover, since Cuba and most Latin American countries have little to offer each other economically, Castro will benefit little from new trading opportunities in the region.

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27. The larger external forces we have described as the major determinants of Castro's options will probably continue to shape Cuba's role in the region and on the world scene. To the extent Castro identifies with Latin American and Third World interests, he will reinforce general nationalist trends which will continue to present difficulties for the US. But as Castro deals more regularly with and begins to accommodate to a variety of nationalist governments, he can be expected to become more pragmatic in his foreign policy moves. Since Cuba will continue to be dependent for some time on substantial external assistance, he may come to see advantages in dealing in a business-like way with the US, as with other Western industrialized nations, on the basis of development needs, not merely ideological confrontation. One effect of this would be to reduce somewhat the extent of his dependence on the USSR.

28. Insofar as the Soviets continue to pursue a policy of "normalizing" relations with the US, they are likely to place their own limits on Castro's anti-US impulses and on their use of Cuba to embarrass the US. Indeed, Moscow may seek to promote the "normalizing" of US-Cuban relations by pressures on Castro or by agreements with the US which work to reduce tensions between Havana and Washington. Though Castro and the Soviets will continue

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to share the objective of reducing US influence in Latin America, the Soviets will want to be sure that Castro's activities in the region do not spoil their own growing respectability there. And the very factors which have produced the nationalist and independent approach of Latin American governments which is working to draw Cuba back into the community and to reduce US influence in the region will also work to circumscribe the influence of *both* Moscow and Havana.

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