Bienvenido, Sir Leyland! Te esperaré en la esquina señalada, no importa el chapapote, porque te siento vencedor del codazo... Y nada más, Sir Leyland, gracias por el viaje y la trompetilla sonora al roñoso del “Tío.”
—Bernardo Callejas

The arrival of the German ship Heinrich Heine in the port of Havana the morning of 15 July 1964, carrying the first 16 British Leyland buses of the four hundred and fifty subscribed to Cuba, was a clear success obtained both by Leyland and Fidel Castro’s government. Whereas the large British automobile manufacturer had secured a multimillion-dollar deal and stricken a blow to other European bidders, the Cuban government had covered a critical gap in its transportation system and, in the meantime, achieved another violation of the U.S. embargo. For the British government, in contrast, this transaction did not seem so evidently desirable. The high level of uncertainty and even opposition that permeated negotiations to secure government backing of the sale demonstrated that Britain’s pendulum swung between defending private economic interests and protecting its “special relationship” with the United States. In contrast with the arguments of a few scholars that have analyzed U.K.-Cuba trade relations during the revolutionary period, I argue that the Kennedy administration might actually have supported the Leyland sale despite the Johnson administration’s later condemnation of the transaction.

The Leyland tale is thus not a story of British interest in cordial bilateral relations with Cuba, nor is it evidence that general U.K.-U.S. relations at the time allowed for Britain’s engagement in trade with Cuba with no foreseen negative consequences for the “special relationship.” Moreover, the Leyland case is not an accurate example of the British private sector’s general attitudes toward Cuban markets at the time, nor does it portray Castro’s particular commitment to strong bilateral diplomacy with Britain. In this paper, I will argue that the Leyland case is ultimately an example of the normal behavior of a multinational

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1. Editor’s Note: This essay was awarded Second Prize in the ASCE 2010 Student Prize Competition for undergraduate students.
2. Callejas, Bernardo. “Homenaje a Leyland.” Noticias de Hoy, 12 February 1965: 4. In English, these verses read: Welcome, Sir Leyland! I will wait for you at the indicated corner, no matter the coal-tar pitch, because I sense you have been victorious…And, Sir Leyland, thanks for the trip and for blowing a loud raspberry at the stingy “Uncle.”
firm seeking profitable business and of Cuba’s simultaneous efforts to fulfill domestic interests in order to advance the goals of the Revolution. These two parallel moves were blessed by their timing. In the second half of 1963, a British government desperate to save a struggling economy in the light of upcoming elections and the Americans’ controversial sale of wheat to the Soviet Union tipped the balance in favor of the deal.

A SECOND CUBAN CALL FOR TRADE

In July 1963, Leyland asked the Export Credits Guarantee Department (E.C.G.D.), Britain’s export credit agency, for cover on a contract with Cuba involving the purchase of buses and credit for new purchases in the following five years. Though Leyland’s proposal came after hearing of Cuba’s needs for transportation, Cuba had independent interests in purchasing buses from Britain. In the early 1960s, Cuba’s demand for public transportation increased especially for the rural areas as the government developed projects, such as the literacy campaign, which required the flow of people between the cities and the countryside. The recent American trade embargo had also hindered Cuba’s imports of parts for the island’s fleet of General Motors buses. According to a report submitted by the British Embassy in Cuba, “Cuban officials and technicians [were] extremely dissatisfied with the quality of vehicles and equipment which they had been receiving from the Soviet Union and, to a lesser degree, it was a widespread belief in Havana that the Russians care far more for quantity than quality.” Cuba thus looked to Western Europe to fill its transportation vacuum.

From the Cuban point of view, it was not irrational to think that Britain specifically would answer the call for trade. In the last few years, the trade balance with Britain had actually increased steadily in Cuba’s favor with the volume of Cuban exports to Britain exceeding Cuba’s British imports (Table 1). British trade with Cuba had begun to increase in 1962, though British purchases of Cuban exports in general had seen a steady increase starting in 1960. The increase reflected mainly larger purchases of sugar, which amounted to 181,500 long tons in 1963 relative to 117,600 tons for all of 1962. Cuba understood, however, that Britain’s acquiescence to do business now would require assurance of Cuba’s ability to pay for British imports. Thus, Cuba would need to demonstrate creditworthiness and present itself as a reliable partner to the British.

Table 1. Trade by Principal Countries of Consignment (value in million pesos)

<table>
<thead>
<tr>
<th>Year</th>
<th>1960</th>
<th>1961</th>
<th>1962</th>
<th>1963</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK exports to Cuba</td>
<td>23.0</td>
<td>16.6</td>
<td>11.7</td>
<td>10.53</td>
</tr>
<tr>
<td>UK imports from Cuba</td>
<td>8.48</td>
<td>12.5</td>
<td>11.6</td>
<td>22.69</td>
</tr>
<tr>
<td>Trade balance</td>
<td>14.52</td>
<td>4.1</td>
<td>0.1</td>
<td>-12.16</td>
</tr>
</tbody>
</table>


As in the case of Spain, the Cuban government’s approach to the British took the form of highly personal interactions in order to convey reliability. As early as 10 July 1963, Castro spent nearly five hours over luncheon in the British Embassy Residence and “made explicit his desire for better relations with the West and with the United Kingdom in particular. He was ready to discuss compensation with us and was anxious to see more trade... There is little doubt that his desire for better relations with the West is genuine and is a deliberate policy concerted with the Russians.” In early December 1963, the Cubans invited Leyland personnel to Havana to discuss the Cuban government’s offer to purchase new vehicles. Cuba went to great lengths to exhibit splendid behavior as a trading partner and in the months preceded...

5. Her Majesty’s Treasury Export Guarantee Committee, Note by Export Credits Guarantee Department, 9 December 1963, TNA: PRO AK1154/38.
ing the issuance of British government cover for the Leyland deal, it continuously expressed desire for better relations and more trade with Britain. Cuban authorities maintained their monthly repayments to commercial creditors, even suggesting their intention to negotiate the settlement of outstanding balances with Britain. 9 Cuba’s efforts seemed to have paid off when the British Ambassador in his valedictory dispatch argued: “the restoration of normal relations with Cuba was more likely to bring about our political objectives than an attitude of unfriendliness." 10

Cuba, however, was not pursuing a distinctly “British” commercial policy, just as it had not pursued a “Spanish” policy. The fact that Cuba did not express preference for British buses, making it clear that its commercial interests did not fall exclusively on Britain, demonstrated that Cuba’s policy was directed toward the capitalist countries in general. Indeed, the Cubans had also approached vehicle manufacturers from France, West Germany, Spain, Japan and Czechoslovakia. 11 From the beginning of the negotiations, the Cubans made the British aware that they would be competing for entrance in the Cuban transportation market. 12 In the initial conversations between British Ambassador John Adam Watson and the Cuban foreign minister, the head of protocol and the president, the Ambassador was told that, “the Cuban government attached great importance to increasing Cuban trade with Western Europe.” 13 The appointment of the new Cuban Ambassador in London, Sr. Luis Alonso, was also symbolic of the wider regional interests of the island. From the Foreign Minister, Watson learned that at Alonso’s last post, Oslo, he had been successful in increasing trade with Norway. In the same conversation, the head of Protocol mentioned Spain in particular as a country where political differences had not prevented trade. Watson concluded that the Cubans “are clearly anxious to increase their trade with the non-communist countries of Europe.” 14 The variety of countries participating in these negotiations confirms that the Leyland case did not result mainly from Cuba’s interest in a strong bilateral relationship with Great Britain. Cuba’s priority was the fulfillment of a domestic need—in this case, transportation—to pursue its domestic goals.

The overarching purposes behind the deal explain why Fidel Castro would take the matter of trade with Britain in his own hands, just as he had with Spain. Without a doubt, improved commercial relations with Western Europe were at the top of the Cuban foreign policy agenda. Watson would report in November that Fidel Castro was, in this matter, “the man that counts.” 15 That same month, Watson communicated to the Foreign office that Castro had taken him on a three-and-a-half hour tour of his experimental cattle and poultry farms:

[Castro] described Cuba’s economic and trading plans, and the imports he intended buying from various countries. Among capitalist countries, Castro hopes to expand trade particularly with Spain, Japan and the United Kingdom. He said discussions with Spain and Japan were now virtually complete. In Britain he especially wanted to buy agricultural machinery, chemical production plans, locomotives and perhaps small cars…He agreed rather vaguely when I referred to Leyland bus contract. 16

10. Ibid.
12. As will be explained later in the paper, the British, specifically Leyland, had already entered the Cuban transportation market through contracts in 1949 and 1959. In this section I thus refer to capitalist countries’ current bid for the sale of transportation equipment to Cuba.
14. Ibid.
Beyond the Leyland case, therefore, Castro’s trade policy reflected that Cuba’s commercial interests with Britain encompassed a variety of industries, and that the Cuban government did not, at least in the beginning, push explicitly for the Leyland deal. Cuba’s initiative developed on a government-to-government basis, allowing British firms to pursue their own initiatives to enter the Cuban market.

THE LEYLAND INITIATIVE

When in the late 1940s the young Leyland managing director Donald Stokes accidentally overheard in an airplane that Cubans might want some buses, he could not have foreshadowed that this deal would turn out to be the company’s first major contract under his term. Leyland’s interest in Cuba in the early 1960s, therefore, was not unprecedented. In the 1920s and 1930s, the company had also supplied British-owned Havana Railways with buses and trucks, and by the late 1940s Cuba’s orders increased. Interestingly, Leyland activities in Cuba succeeded largely to the support of American entrepreneur and former Ambassador to Peru and Brazil William Pawley. Pawley, who owned two bus companies in Florida and who had already begun to replace his fleet of General Motors buses with Leyland vehicles, recommended that the Cubans purchase Leyland buses after consultants from one of Pawley’s companies advised the Cuban government to replace the old tramway system in Havana. In 1950, Cuba signed a $10 million order for six hundred and twenty Leyland Royal Tiger Buses and offered Pawley the post of president of Autobuses Modernos, a new private Cuban company set up to run the bus fleet. The contract also stipulated that Leyland would be paid directly out of bus fares, requiring the company to put its collectors in Cuban depots and thus deepening the company’s presence in Havana. At the time, this order was the largest single dollar deal ever negotiated by a British company.

In late 1958, a second six-million-dollar order for two hundred Leyland Olympic series II buses was negotiated with the new Omnibus Metropolitanos S.A., which had replaced Autobuses Modernos. This order, completed in mid-January 1959, coincided with Castro’s call to an end of the boycott of British goods in place since October 1958. Business between the Castro government and Leyland continued even after Macmillan rejected Castro’s request for jet fighters in November 1959 and after Castro, in retaliation, cancelled an Anglo-Cuban venture ratified by Batista to build a shipyard in the Mariel port. The second Leyland order not only supplied new vehicles to Cuba, but it also promised to rebuild around 300 buses from the 1950 contract through technical assistance, training for Cuban mechanics, and local repair services. What makes the 1963 Leyland sale of buses to Cuba controversial is thus not the fact that Cuba established a commercial partnership with a capitalist country, but that Anglo-Cuban trade would increase substantially despite the existence of the U.S. embargo and just one year after the souring of bilateral relations when Britain allied with the United States during the Missile Crisis.

INDECISION AND OPPOSITION IN BRITISH POLICY-MAKING

When the E.C.G.D. received Leyland’s request for cover, it had to weigh both economic and political considerations. On the economic side, the British government’s concerns included domestic industrial interests as well as Cuba’s creditworthiness and current foreign exchange position. On the political side, Britain had to test the sentiments of the national constituents and anticipate the reactions not only of the United States, but also of Latin America and

19. Interestingly, in December 1958, the U.S. government would send Pawley to Cuba to ask Batista to resign.
20. At the time, Fulgencio Batista was not president of Cuba.
22. Ibid., 166.
N.A.T.O. allies. While some of these considerations turned into positive feedback for the sale, others did not, splitting the committee in charge of negotiations into a battle where each actor pulled toward its own side, leaving the final decision in hands of the cabinet.\(^{23}\)

The economic concerns brought afloat in committee discussions were certainly worth considering. Since the beginning of 1962, E.C.G.D. business with Cuba had been conducted on an ‘Irrevocable Letter of Credit’ basis, which meant that the Cubans paid for goods at the time of shipment; E.C.G.D. cover for the present proposal therefore would have meant a departure from this principle.\(^{24}\) The E.C.G.D. was also apprehensive about the fact that almost half of the 1.6 million pounds from Leyland’s 1959 contract with the Cubans was still outstanding, though payments had been made regularly under this contract, usually with a delay of three to four months. The E.C.G.D. was thus prepared to underwrite the new contract subject to a guarantee of payment from the Cuban National Bank and provided that payment for the 1959 contract was not prejudiced.\(^{25}\) Another concern emerged out of Cuba’s lack of foreign currency, a situation that was likely to deteriorate after the recent freezing of Cuban assets by the United States.

If Britain’s only considerations had been economic, it is likely that it would not have taken the E.C.G.D. and the government in general so much deliberation to reach a conclusion. While the Bank of England and the Board of Trade were the entities designated to evaluate the economic considerations, however, the Foreign Office was in charge of the political factors surrounding the decision.\(^{26}\) The Foreign Office expected opposition from Latin America, most of which had by then already broken relations with Cuba. The deal would also surely incite suspicion from N.A.T.O. allies, since the E.C.G.D. cover would have been the first of its kind to be extended from a N.A.T.O. member country to Cuba since the end of 1961. Most importantly, there was an overarching fear and absolute certainty that the deal would annoy the Americans. This issue, above all, led the E.C.G.D. to emit the following first verdict: “On balance, we are inclined to advise against cover being granted in this case. But since the issue is important enough to be referred to Ministers we should welcome the views of the Committee.”\(^{27}\)

The great political controversy that surrounded the Leyland deal reflects not only the main concerns leading the E.C.G.D. to an initial refusal to give cover, but also the nature of the entities that formed the Committee. In the discussions that followed, the Board of Trade and surprisingly the E.C.G.D. urged that cover should be approved, but the majority of the committee, including the Treasury, the Bank of England and the Foreign Office, concluded that cover should be refused. The Bank of England was of the opinion that no further medium-term credit should be granted to Cuba in the absence of arrangements for the repayment of the commercial debts. In contrast, the Board of Trade felt that the Cubans were getting more organized and that there were prospects for improvement in the Cuban economy. The Board of Trade also reminded the rest that the Cubans had repaid the commercial arrears resulting from arrangements made in 1961.\(^{28}\)

\(^{23}\) The Treasury, the E.C.G.D., the Foreign Office, the Board of Trade, and the Bank of England constituted the Committee, though the opinions of the British embassies in Washington and Havana also influenced negotiations.

\(^{24}\) E.C.G.D. Cover for the Sale of Leyland Buses to Cuba, From the Treasury to the Export Guarantee Committee, 13 August 1963, TNA: PRO FO371/168197.

\(^{25}\) Ibid.

\(^{26}\) From F. H. Partridge, Treasury Chambers to H.G.B. Lynch, Esq., Export Credit Guarantee Department, 19 August 1963, TNA: PRO AK1154/11.

\(^{27}\) E.C.G.D. Cover for the Sale of Leyland Buses to Cuba, from the Treasury to Export Guarantee Committee, 13 August 1963, TNA: PRO FO371/168197.

\(^{28}\) Minutes of a Meeting of the Export Guarantee Committee, 13 August 1963, TNA: PRO AK1154/18.
Paradoxically, even though the main objections to the deal were political in nature, the political entities involved in the decision-making, with the exception of the Foreign Office, which allied with the Bank of England and the Treasury, all supported the Leyland sale. Even then, the opposition of the Foreign Office might be explained by the stance of Foreign Secretary Sir Alec Douglas Home. Although a desire for better commercial relations with Cuba did not particularly influence British decision-making, the foreign secretary seemed to be especially indifferent toward Cuba. Tellingly, Douglas Home’s autobiography does not mention Cuba even in the index. The only section of the book that mentions Fidel Castro belongs to Douglas Home’s period as foreign secretary under Macmillan. According to Douglas Home, “very few took much notice” of Castro’s intentions. His autobiography reveals that between 1961 and 1964 Douglas Home’s foreign policy concerns focused on Vietnam and on Russia’s activities in Berlin. He accepted that Britain was a medium-sized power, and that playing the big power was useless to achieve domestic and international policy agendas. This certainty, coupled with his lack of training in economics and general discomfort with economic matters might explain the Foreign Office’s hesititation to support E.C.G.D. cover of the Leyland sale. According to Douglas Home, the political risks of the deal could even damage Britain’s economic interests. Given the Foreign Office’s opposition, the actions of the British embassy in Havana in favor of E.C.G.D. credit acquire greater significance. According to the Embassy, a refusal “might jeopardize repayments and prospects of increased export business.” This thought might have stemmed at least partially from the Embassy’s first-hand knowledge of Leyland’s activities in Cuba. In a telegram to the Board of Trade, the Embassy reported that K. J. Maddox, the Leyland representative in Cuba, had returned to Havana to “hold the fort because his company fears that there is a risk that they might lose the order to West European competition.” Leyland itself levied decisive pressure on the government. The chairman of Leyland went as far as sending a letter to the chancellor requesting that he persuade the E.C.G.D. to grant cover urgently. In response to this letter, the parliamentary under-secretary of state communicated to the Foreign Office that “The chancellor said that he thought that the right service was to treat Cuba exactly like any other member of the Soviet Bloc in trade matters…The chancellor would therefore, I am sure, like you to reconsider the objections you put forward on political grounds.” Just a few days before the final decision was reached, Maddox sent a cable to Britain in which he revealed talks conducted between Transimport and the president of Ikarus Hungarian bus manufacturers after a Hungarian commercial delegation arrived in Cuba on 12 Sep-

29. Alec Douglas Home, The Way the Wind Blows: An Autobiography by Lord Home (London: William Collins Sons and Co Ltd Glasgow, 1976), 147. The author’s absolute omission of both the Cuban Missile Crisis and the Leyland controversy is puzzling given his active participation in the resolution of both events, first as foreign secretary and later also as Prime Minister.

30. Ibid., 168–84.

31. According to a report sent from the American embassy in London to the secretary of state, “Home is chiefly interested in foreign affairs…Home is a strong advocate of present British policy of supporting European integration movement and awaiting opportunity to negotiate entry into Europe…Home has little experience in economic and social policy…he will probably leave specific initiatives in fields of financial, economic and social policy to other cabinet ministers.” See Incoming telegram from London to Secretary of State, October 19, 1963, “United Kingdom General 10/17/63–10/21/1963” Folder, Papers of President Kennedy National Security Files, box 171A, JFKL.

32. From Douglas-Home to du Cann, 16 September 1963, TNA: PRO FO371/168195 AK1152/14. In contrast with Douglas Home, Labor Party candidate Harold Wilson was a top class economist who was very close to leading business figures and who believed in a direct role of government in support of business. Moreover, he was in favor of deals with the Soviet Union (Paul Hare, e-mail message to author, February 26, 2010).

33. Inward Telegram from Embassy in Havana to Board of Trade, 30 August 1963, TNA: PRO AK 1154/19.

34. Ibid.

35. From Edward Du Cann to Foreign Office, Sale of Leyland Buses to Cuba, 30 August 1963, TNA: PRO AK1154/28.
In a follow-up letter to the E.C.G.D., Leyland expressed that they
would be grateful if you could ensure that the text of this cable is passed to the Ministries concerned for their immediate attention, for it is quite obvious to us that the situation is now reaching a stage where the customer will be forced to purchase vehicles…from sources other than this Company.36

On 19 September, the British embassy in Havana warned the Foreign Office that, in the light of foreign competition, a decision must be made urgently in order to win the contract.37 Evidence suggests that the combined pressure exerted by Leyland and the British Embassy in Havana led the cabinet to make a time-conscious decision. On the same 19 September, Douglas Home, Board of Trade President Reginald Maudling and Board of Trade Minister Alan Green met one last time before transferring the matter to the ministers. The main political objection was still worries about the Americans’ reactions to the deal. Nonetheless, Maudling and Green recommended the extension of credit to Leyland, whereas the Foreign Office remained firm to its position.38 On the other side of the Atlantic, that same day, Kennedy communicated to the Export Control Review Board that he approved its recommendations for an expansion of trade with the Soviet Union, “but in giving this approval I should like to have it understood that I am strongly in favor of pressing forward more energetically than this report and its recommendations imply, in our trade with the Soviet and Eastern bloc.”39

At the cabinet’s last meeting on 24 September, Prime Minister Macmillan was joined by Sir Alec Douglas Home and representatives from the Ministry of Defense, the Ministry of Labor, the Ministry of Transport, the parliamentary secretary of the Treasury, the president of the Board of Trade, the chief secretary to the Treasury, and the minister of education, among others. The president of the Board of Trade accepted that the U.S. government would likely oppose this transaction for political reasons, but he saw no economic reason to treat Cuba less favorably in terms of credit guarantee than various other countries. Its balance of payments was no worse than other countries that engaged in trade with Britain, and her annual earnings of convertible currency, estimated at about 65 million pounds, “were substantial in relation both to the installments that would be due under the contract now in question and to her trading debts on which repayments were being made. Moreover, there was keen foreign competition for the present order.”40 Thus, the Board of Trade echoed the concerns of the British Embassy in Havana when its representative, Fred Erroll, emphasized foreign competition and the risk of losing the contract. Douglas Home, speaking on behalf of the Foreign Office, dismissed the severity of competition and maintained that U.S. assistance to Britain should not be jeopardized “at a time when we were particularly dependent upon their support and assistance for the protection of our interests in Indonesia.”41 However, Douglas Home did not completely reject cover the sale, settling for the contract at issue to be financed on cash terms. After accepting that E.C.G.D. cover would be based on commercial criteria and would not be regarded as equivalent to a government subsidy, the cabinet agreed that the Export Credit Guarantee Department might provide cover to Messrs. Leylands Ltd [and] invited the president of the Board of Trade…to advise the Foreign Secretary how he

40. Conclusions of a Meeting of the Cabinet held at Admiralty House, 24 September 1963, TNA: PRO CAB128/37 C.C. (63) 57th Conclusions.
41. Ibid.
might best justify this transaction to the United States Government, during his forthcoming visit to Washington, in the context of our total trade with Cuba and in relation to the normal practice of the Export Credits Guarantee Department.42

Surprisingly, the British government delegation’s visit to Washington just a few days after the final cabinet meeting reveals that U.S. concerns about Anglo-Cuban trade focused on British shipping to Cuba—not so much on the goods being shipped. By 1963, British commercial relations with Cuba were developing in two ways: through normal exchange of goods between Cuba and the United Kingdom and through the carriage in British ships of goods moving between the Soviet bloc and Cuba. About one-sixth of all ships calling at Cuban ports were British, the great majority of which were engaged not in Anglo-Cuban trade, but in the carriage of goods between Cuba and the Soviet bloc under charter arrangements. Existing legislation did not grant the British government control over the operation of these ships, and the government was “opposed in principle to assuming such powers in peacetime.”43 This longstanding policy of a nation historically linked to maritime trade well preceded 1959. Regulation of trade with Cuba thus could only take place through restrictions in the direct bilateral exchange of goods between the two countries. The latest figures on capitalist world shipping in the Cuban trade showed that the British ships were in the lead, creating a situation that the president classified as “embarrassing” to the Americans as “he was constantly being asked why he didn’t speak to our Allies, and why they did not cooperate with us.”44 When the president asked Douglas Home if the British government could do anything about the situation, Douglas Home did not give any promises; solving the matter would require legislation. It was only in passing that Douglas Home mentioned the U.K. negotiations with Cuba for the sale of some buses.45

A second issue that worried the Americans with respect to Anglo-Cuban relations was the Cuban government’s use of British Caribbean territories for transportation of communists. On 29 May 1963, Cubana Airlines had carried four Salvadorans to Grand Cayman Island, where they boarded the regular Costa Rican Airlines flight to San José. Two additional flights occurred, one on 7 June, carrying two Costa Rican Communist leaders, and a third on 26 June, carrying twelve to fourteen passengers. The U.S. government feared that aviation facilities in British dependencies in the Caribbean provided: (1) the closest points to Cuba at which passengers could be transferred from Cubana aircraft to foreign aircraft operating on scheduled routes; and (2) convenient points at which medium-range Cuban aircraft could be refueled en route to South America. When the Americans expressed their concerns to the British, however, the latter replied that they could not easily deny the Cubans permission to stop at Grand Cayman.46

President Kennedy finally took notice of the Leyland deal just four days after his meeting with Douglas Home in what might be one of the most crucial pieces of this puzzle. On 8 October, Ambassador Ormsby Gore reported that the president had called him and said that he might well wish to make some announcement about the sale of American wheat to Russia in the next day or two and he feared that...his opponents would say that we had only gone ahead with the sale of buses to Cuba after the Americans had set an ex-

42. Ibid.
43. Foreign Office to certain Her Majesty’s Representatives, 13 December 1963, TNA: PRO AK1152/46.
44. Memorandum of Conversation about Cuban shipping; Participants: The President, Assistant Secretary European Affairs, Thomas M. Judd, EUR/BNA, Lord Home, Foreign Secretary, Sir David Ormsby Gore, Ambassador to the U.S., Oliver Wright, Foreign Office, 4 October 1963, President’s Appointment Book, 872–3, JFKL.
45. Ibid.
46. Memorandum for Mr. McGeorge Bundy, The White House, from the Department of State, Cuban Use of Air Facilities at British Caribbean Dependencies, August 7, 1963, “Cuba General, 8/63” folder, Papers of President Kennedy National Security Files Countries, box 39, JFKL.
ample by their wheat sales to Russia. It would, therefore, be a great help to him if an announcement about the sale of buses to Cuba could be made within the next twenty-four hours.  

Though the negotiations between Leyland and the Cuban government were not yet concluded, the British promised the president that they would let the news leak in London that the British government had raised no objection to the sale and that it was a normal commercial transaction. Since “all that was necessary from the president’s point of view was that it should be clear that the British Government’s decision had been taken before his own decision to sell wheat to Russia,” one can assume that President Kennedy was not personally against the Leyland deal and that the U.S. government did not present any objections to the British government while negotiations were carried.  

It seems that Kennedy’s calculations revealed a greater benefit derived from U.S. business with the Soviet Union than the cost of a British firm’s violation of the U.S. embargo against Cuba.

This description of U.S. priorities in the context of the Leyland deal contrasts with Morris Morley’s thesis on the failure of the U.S. global economic blockade. Morley bases his argument on a fundamental conflict between the United States and Western Europe as they both turned into “formidable economic rivals” in the 1960s. According to Morley, competition among these “rivals” motivated Western Europe and Japan to take conflicting paths with U.S. foreign policy. In the case of Britain, however, there was evident collaboration and even consultation between the president and the British government in the matter of Anglo-Cuban trade.

A MACRO PERSPECTIVE ON THE BRITISH DECISION

Although primary documents drafted at committee and cabinet meetings on the Leyland issue only make reference to political and economic considerations directly related to Britain’s foreign policy toward Cuba and the United States, it is worth considering a number of domestic factors that, if they did not directly influenced the British government’s decision to allow the Leyland sale, certainly created favorable conditions for it. It was a historical tradition, for example, that the British government preferred dealing with governments. Because state agencies generally had good credit and E.C.G.D. cover was given on the basis of risk, Cuba had a significant starting advantage. Thus, Cuba’s reliability as a customer was enhanced just by the fact that it was the Cuban government itself—not a Cuban firm—the entity doing business with Leyland. Furthermore, it was Britain’s policy to maintain relations with Communist countries, save for strategic concerns, on a commercial basis. Even the most controversial aspect of the transaction—E.C.G.D. cover of the deal—was possible, as the British argued that they “do not discriminate against Communist countries in giving cover for commercial credit.” Since Cuba’s balance of payments prospects were no worse than those of some other countries to whom Britain was extending credit at the time, and the Cubans had conscientiously been paying off previous debts to suppliers in Britain, Cuba was not to be dismissed as a potential trading partner based on its creditworthiness.

From the point of view of the British government, the increase in sugar prices meant that Cuba could
afford to pay Leyland. As such, the Leyland sale also represented a potential opportunity for Britain to restore its trade balance. An article published in *The Economist* in December 1963 advised the British not to panic upon the growth in imports. According to the article, the chief villain of the piece would undoubtedly prove to have been the peak in sugar prices early in November. This gradual climb in prices already accounted for almost forty percent of the two hundred and thirteen million pound rise in imports during the first ten months of the year. Combined with the lackluster look of exports over the previous months, even as the demand in North America and Europe was rising, the increasing sugar and tobacco imports from Cuba seems to have created a sufficiently alarming situation as to shift Britain’s foreign policy priorities into the market arena.

An analysis of the British motor industry during this time also presents valuable information to understand the government’s urge to back the business of a multinational auto company. Historically, the engineering industry in Britain had exhibited extraordinary strength, leading car and truck companies to buy in a greater proportion of the value of the vehicle than is true for most other national industries. In the early 1960s, the British vehicle manufacturing industry was expanding successfully, and by 1964, one third of the increase in industrial production was attributed to the motor industry. From the perspective of the national economy, there were important reasons to maintain a high level of commercial vehicle exports. As these declined and component imports increased parallel to a growing foreign-built vehicle park, commercial vehicles could potentially become a trade liability, no longer being the premier export-earners. Moreover, competition in the European auto industry was reaching new heights. For the French motor industry, 1961 constituted a year of readjustment after the export growth of previous years was halted in mid-1960 following the drop of sales to the United States. It was thus expected that Great Britain would attempt to recover its advantageous position with respect to France through the consolidation of sales in Europe or the conquest of new outlets overseas. Indeed, the British, along with the Germans and Italians, were now devising ambitious investment plans in the motor industry in order to overcome French competition even though, ironically, it had been Paris that suggested the idea of coordinating the various European car expansion plans.

Furthermore, Britain’s recent entrance into a stage of commercial liberalization after the Kennedy Round of General Agreement on Tariffs and Trade (GATT) negotiations begun in 1963 made the country even more susceptible to restrictions in trade. For the first time in British history, there was “official” economic advice, which viewed international competition as crucial to fostering domestic efficiency. During this time, the breakdown of the system of imperial preference and the resulting lack of trade partners led Britain to seek new markets. Concerns about balance of payments or unemployment were no longer held as the primary motives for pursuing liberalization. Instead, the British government increasingly adopted the view that it should defend liberalization primarily

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56. Ibid., 69.
57. Ibid., 72. Traditionally, the government’s dealings with the auto industry in Britain had been characterized by the concept of sponsorship, which originated in the close wartime collaboration between the two entities. As a reflection of the command relationships of the wartime period, sponsorship referred to the government’s consultation of the industry to ensure that its interests are identified and the auto firms are taken into account when policies are formulated. See Stephen Wilks, *Industrial Policy and the Motor Industry* (Manchester: Manchester University Press, 1984), 194.
58. Ibid., 71.
60. Ibid., 45.
to encourage the U.S. government on the same road in order to correct the congressional protectionism that was perceived to inhibit presidential good intentions in this respect.61

The British government’s receptiveness to Leyland’s request becomes more rational when one can appreciate the level of influence that business exerted upon the government, especially upon the incumbent Conservatives. From 1961 to 1963, the government had sought consultation from individual business leaders regarding entrance into the European Economic Community (E.E.C.) after industrialists had shown discontent with the few market opportunities offered by the European Free Trade Association (E.F.T.A.). These leaders played a direct role in the campaign associated with membership in the E.E.C., becoming one of the most important sectors of the British political community promoting the cause, producing pamphlets, publishing articles in their journals and organizing conferences.62 Macmillan actually held one-on-one meetings with them from the October 1959 general election until President Charles de Gaulle vetoed British membership in the E.E.C. in January 1963. The British government responded to these corporate figures rather than to direct pressure from the Federation of British Industries (F.B.I.), the Association of British Chambers of Commerce (A.B.C.C.) or the National Union of Manufacturers (N.U.M.), the main peak-level representative bodies of industrial opinion.63 It is not surprising, then, that the Conservative Party was financed largely by business. Many of the members of the House of Lords, including the chairman of Leyland and Shell, were important business figures. Therefore, in the early 1960s, as British business increased its stake in the government and persuaded the latter not to neglect corporate interests, the interests of an important multinational like Leyland would have been at the top of the public agenda.

**EX POST RATIONALIZATIONS AND CONTROVERSY IN THE KENNEDY ADMINISTRATION**

The explosion of provocative headlines that made the cover of all major newspapers in the United States, Cuba and Western Europe when the Leyland sale was announced to the public justified the careful deliberations of the British government. Headlines, such as “Quest for Profit Thwarts Policy: Sale of Goods to Communists Shows Dangerous Lack of Allied Unity”64 and “British Aid to Castro,”65 fueled public opinion. Such frenzy led to a wave of obsessive rationalization that contrasted with the high level of uncertainty that had characterized committee negotiations but that was seen as necessary to placate the interrogations of the media, the U.S. government, and the world at large. Indeed, the arguments put forward by the British government to defend the transaction were varied. On one side, the government communicated that controls on Cuba should seek to limit its military capability, not its industrial growth. In the meantime, the Foreign Office would explain the decision to grant cover “in the light of current information about Cuba’s convertible currency earnings.”66 Another common argument developed out of buses’ exclusion from the Coordinating Committee for Multilateral Export Controls (CoCom) list—a list of export controls of goods to Soviet bloc countries. Because buses did not constitute strategic goods, Cuba should be treated no differently from

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63. Ibid., 137


66. From Foreign Office to Washington, 7 October 1963, TNA: PRO Telegram No. 9917.
the European Soviet bloc in trade matters. Douglas Home alluded to British pragmatism in one of his speeches:

It is...implicit in our foreign policy that while we have to remain on our guard, ready with the United States and our Western Allies to contain Communist aggression if there is a temptation once more to embark upon it, nevertheless the other side of our foreign policy must be to conciliate and to find, wherever we can, areas of agreement to be negotiated with the Soviet Union.

In a confidential cable sent by the British government to the Department of State in April 1964, Britain further justified its violation of the U.S. embargo with the argument that Britain is opposed in principle to economic warfare...and does not agree that its trade policies should be custom tailored and designed to differentiate among communist countries [and] is doubtful any British government...could ever regard foreign trade as operation which could be harnessed in peacetime to further particular [goals].

This was an ex post rationalization. After all, for a while it had seemed that the government would reject the Leyland request. Moreover, if Britain genuinely opposed the idea of economic sanctions as to be willing to jeopardize its alliance with the United States, it is likely that Britain would not have stopped trading with Batista in 1958 merely because, at the time, the United States objected to this trade.

Even though President Kennedy had expressed no objections to the Leyland sale, the Johnson administration’s response to hysteria in Washington took the form of strong diplomatic pressure on Britain to rescind the deal. The most overt example of this measure was a decision to bring Britain up for a vote of censure in N.A.T.O., when Douglas Home gave a resolute “no” to Cuba’s inclusion in the (CoCom) list. He even warned President Johnson that to curtail trade with Cuba would lead to feelings of Anti-Americanism in the House of Lords. The Cuba issue was also raised at a February 1964 summit between President Johnson and Douglas Home, now the new prime minister. At that moment, Britain refused to block the sale but agreed to suspend government-guaranteed credits—an informal understanding that lasted until late 1966. Douglas Home’s hesitation during this meeting clearly contrasts with his earlier position as foreign secretary. Although it is unreasonable to argue that Douglas Home merely changed his mind, it is logical to assume that he had to adapt to the circumstances and, especially as prime minister, convey not his personal beliefs but the government’s general position on the matter.

As Kennedy had feared, the British government’s stance was bolstered by the U.S.-U.S.S.R. wheat deal, which strengthened “[the British] hand for resisting American pressure.” The U.S. government had not only agreed to sell wheat to the Soviet Union, but it had also provided that the wheat be carried to the Soviet Union in American ships, a provision “inconsistent with the State Department’s attempts to persuade us that British ships should with-

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69. From the Department of State, Cable regarding British disapproval of a U.S. policy to deny economic programs to countries doing business with Cuba. Great Britain opposes the principle of “economic warfare,” 15 April 1964. TNA
70. Although the United States certainly had not levied a specific sanction against trade on the pre-revolutionary Cuban government, it did disturb the principles of free trade that Great Britain now claimed to follow so passionately as to rationalize a major violation of the U.S. embargo.
72. Rodman, 89
73. British Shipping to Cuba, 14 November 1963, TNA: PRO AK1121/162.
draw from the Cuban trade in order to put greater strain on Soviet shipping resources.” Since 20 January 1963, the Commerce Department had issued licenses in wheat exports to other Soviet-bloc nations, extending sales to Hungary, Czechoslovakia, East Germany, and Bulgaria at the world price, which was considerably lower than the domestic price. President Kennedy had called the deal “a hopeful sign that a more peaceful world is both possible and beneficial to all” and, indeed, the Agriculture Department would announce it as “the biggest sale of American wheat in American history.” The British government, however, was doubtful of the wisdom of using the argument...As I understand it, we are entirely in favor of the United States entering in the wheat deal with the Soviet Union. To advance this as an excuse for our policy with regard to shipping to Cuba, would be bound to irritate the Americans and in my view it would be an unfair point to make. The wheat deal has not...in any way altered our policy in this area, which has been consistent for some years past.

It was thus obvious that the British government was fabricating justifications for its recent dealings with Cuba. Most importantly, it becomes apparent that U.S. and British trade policies were more similar than most think. The American sales to the Soviet Union demonstrated the same pragmatism followed by Britain during the analysis of the extension of credit to Cuba. Therefore, the Kennedy administration cannot be said to have ideologically opposed Britain at least in matters of trade policy. It is more likely, as Kennedy's conversation with Douglas Home showed, that the United States was most concerned about the embarrassment that the Leyland case entailed than about the actual repercussions on its Cuba policy.

U.S. sentiments about the matter thus partially invalidate Morley’s argument that the United States did receive some concessions from Britain. Indeed, Britain ultimately applied CoCom restrictions to British exports to Cuba, prohibiting the shipping of military supplies and strategic materials to the island. The fact that these “concessions” could not prevent U.S. embarrassment about the Leyland case, however, leave doubt as to Morley’s claim that “diplomatic pressures to gain capitalist cooperation in the effort to dissolve the Cuban Revolution produced a number of partial, but important successes.”

The fact that Britain had failed to cooperate with the United States in the maintenance of the global economic embargo against Cuba did not mean that the British government intended to achieve stronger Anglo-Cuban relations. The British government had a chance to demonstrate its diplomatic stance on Cuba when Fidel Castro’s government raised the issue of debts. When R. D. Slater, Head of the Latin American Department, was invited to go to the Cuban Embassy to have a private interview with Alberto Mora, the Cuban minister “said that it was his intention to go closely into the question of the rephasing and settlement of outstanding commercial debts to this country.” The discussion, however, went no further than a mutual expression of hope for an early settlement. Shell had refused to enter negotiations for compensation, and the British government limited itself to pressing for settlement of personal prejudice claims, tacitly refusing the Cubans' apparent goodwill.

CONCLUSION

On 2 August 1964, when Leyland buses went into service, crowds in Havana lined the streets and applauded as Sir Leyland passed by, perhaps sensing...
that the event marked the beginning of a stronger Anglo-Cuban commercial relationship. And they would have been right. Despite U.S. threats, Transimport signed a contract with Leyland on 6 January 1964 to supply 400 urban buses for $11.2 million and spare parts for more than $1 million. The contract also provided for purchase of 50 inter-urban buses at an undisclosed cost and an option to buy 1,000 more buses at an estimated $20 million any time between 1965 and 1968.80 Both the Cuban government and Leyland had successfully persuaded the British government that the deal would be beneficial for the national economy, and the Americans’ apparent indifference toward the sale after Douglas Home briefly informed Kennedy had surely brought relief to the British.

Other private British firms were motivated by Leyland’s enterprise, and their interest in Cuba served to enhance Cuba’s own commitment to increasing trade with Western Europe. In December 1963, the E.C.G.D. would report that English Electric had recently sought cover for two potential Cuban contracts for diesel locomotives; one for 46 locomotives at a value of 3.4 million pounds and the other for 30 locomotives at a value of 2.1 million. The British asked their embassy in Havana for their views, and they obtained assurance “that the Cuban interest is both serious and imminent.”81 Another application was received from James Mackie Ltd. in respect of sack making machinery, though this came with no request for credit terms. As with English Electric, this case was put to the Exports Guarantee Committee (E.G.C.), which agreed that the department could offer to cover these contracts on cash terms.82 These requests coincided with the arrival in November of a Cuban trade delegation in the United Kingdom with authority to spend 10 million pounds, mainly on quasi-capital equipment for the purpose of repairing damage brought by Hurricane Flora.83

The commercial breakthrough, however, would not be complete, as some British shipping companies actually refused to carry the Leyland buses to the island. The reluctance of ship owners to engage in trade with Cuba most likely reflected fear of U.S. sanctions, though commercial considerations also played a part.84 Ironically, private business interests in Britain would prove more accommodating to U.S. policy than the British government itself in the matter of trade with Cuba. Morley correctly argues that “a visible contraction in the number of capitalist-owned vessels engaged in Cuban trade” is proof of “the [substantial] achievements of U.S. global economic warfare during the Kennedy and Johnson presidencies.” However, Western European governments were not the culprits, as the United States successfully intimidated private shippers.

As it turns out, however, more cordial Anglo-Cuban relations were actually one of the positive externalities of the Leyland case. According to Ambassador David Brighty,

the UK was regarded as tolerably friendly by Cuba...The fact that we had refused to join the trade embargo on Cuba helped, and the Labour government was perceived as being not hostile. The most visible evidence was the sale...of much needed Leyland buses. There were several British experts advising the Cuban authorities, including...a specialist in the then fashionable barley beef technique, whose project enjoyed Fidel’s support despite its apparent irrelevance to Cuba, where barley did not grow.85

Fidel Castro also reinforced his attitude of friendliness toward Britain. At a speech delivered on May Day 1964 at the Revolution Plaza, he said that Cuba

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81. From A. Copeman, Esq., H.M. Treasury. Export Credits Guarantee Department, 6 November 1963, TNA: PRO AK1152/36.
82. Her Majesty’s Treasury Export Guarantee Committee, Note by Export Credits Guarantee Department, 9 December 1963, TNA: PRO AK1154/38.
83. Ibid.
84. From Foreign Office to British Embassy in Havana, 10 December 1963, Telegram 919, TNA.
promoted a policy of long-term agreements. According to Castro, Britain’s defense of freedom in trade was a question of principle. The prime minister went as far as giving his own explanation for Britain’s cover of the Leyland sale, just as he had explained Franco’s reasons not to break with Cuba.

Of course Britain is in a pre-electoral period, and it is in British politicians’ interest to defend all of these problems related to free trade, because the people that elect British policymakers are precisely the British, and Britain is concerned with British interests. Why would they care about the anger of Mr. Johnson and Mr. Rusk? 86

Hearing these words, just like the Cubans attending the parade, was a group of employees of the Leyland Company. Two of them made headlines when they said to the press that they would not be satisfied until “our country does something like Cuba.” 87