

COMMENTS ON RICHARD FEINBERG'S "REACHING OUT"

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Professor Richard Feinberg, former special assistant to President Clinton and senior director of the National Security Council's Office of Inter-American Affairs, recently wrote a long paper on the Cuban economy and International Financial Institutions (IFIs), a real hot topic.¹ Feinberg's thought-provoking essay addresses several important issues, which can be grouped into three categories. (a) mostly descriptive topics; (b) hypothetical issues with subjective and personal judgments by the author; and (c) purposeful observations and comments related to the previous two, mainly with recommendations on what the IFIs and the international community, especially the United States, could do to support the reform process in Cuba based on the interest of the international community to help successful reforms in the island.

I consider that the descriptive component of Feinberg's paper is very good and mainly objective. Among the key points are: (a) Feinberg notes that the current timid and slow-moving reforms to correct self-defeating distortions and unbalances are still vague and short on specifics, although he ignores that the reform process began in the early 1980s and wrongly states that every step of the process thus far has been made with the input of the people and has been transparent; (b) he makes an innovative and candid presentation of problems facing private investors from Brazil, China, and Mexico negotiating with the Cuban government and why they prefer to deal

with their own government for their activities on the island; investors do not consider that the Cuban government to be reliable and trustworthy; and (c) he asserts that IFIs could make a decisive and significant contribution to the breadth, depth and success of the Cuban reform process by providing technical assistance and long term financing for infrastructure projects and the necessary socioeconomic adjustment.

The hypothetical or speculative component is rather subjective, in my opinion, full of wishful thinking and good thoughts; it is rather naïve and misleading. For example: (a) Feinberg emphasizes that the IFIs are more than ready to include Cuba as a member, and uses the examples of Nicaragua and Vietnam with which Cuba shares key similarities to illustrate that the IFIs have dropped their ideological bent and are flexible enough to work with a leftist and socialist country. However, the IFIs cannot provide development loans to Cuba unless that country makes effective fundamental reforms that will allow the technical assistance and loans to be paid. At present, Cuba does not show this willingness and the reforms are basically paralyzed. Moreover, Feinberg ignores the two previous experiences of tepid reforms and also fails to elucidate why those two experiences of reforms were not pursued with greater vigor. Evidently questions of power and intransigent politics took precedence over economics. (b) Feinberg emphasizes that, contrary to popular depiction, the current Cuban government is not monolithic, but rather there is

1. Richard E. Feinberg, *Reaching Out: Cuba's New Economy and the International Response*. Washington: Brookings Institution, November 2011.

a struggle going on between those who defend the status quo and reformers. Yet, there is no evidence whatsoever that the Cuban elite is divided into reformists and anti-reformists. Furthermore, too much interest from the “Enemy to the North” could politicize an already sensitive reform process; (c) In the past Cuba has criticized the policies of the IFIs, yet Feinberg—using as a source a senior Cuban diplomat—argues that there has been a change in the Cuban position to join and participate in the IFIs. Thus, there is nothing holding Cuba back from applying for membership except uncertainty; he feels that Cuba will not ask for something it runs the risk of being rejected; (d) He considers that U.S. opposition to assistance from the IFIs to Cuba is not as insurmountable as it might seem but he does not provide any evidence of it; and (e) Feinberg reviews the foreign assistance programs of donors such as the European Union, Spain, and Canada and asserts that

development cooperation can achieve results in Cuba, improve the lives of beneficiaries, empower independent small producers, and promote decentralized decision-making to local communities. This is a clear overstatement of the breadth and depth of the results achieved by such assistance.

Unfortunately the purposeful component rests primarily on the speculative component and, therefore, its interesting and actionable specific recommendations are neither realistic nor reasonable because of their precarious foundations. Yet Feinberg’s monograph makes a contribution in clearing up many misconceptions about the steps that have to be adopted by Cuba, the three main multilateral IFIs and the U.S. government as soon as the Cuban government shows its willingness to implement a well-defined program with fundamental and comprehensive socioeconomic reforms, hopefully in the near future.