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Russell Alan Williams

Assessing the Success of the WTO DSM – Lessons from Softwood Lumber IV

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The Politics of Canada-Cuba Relations: Emerging Possibilities and Diverse Challenges

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All inquiries should be directed to/Prière d'adresser toutes les demandes de renseignements à:

Canadian Foreign Policy/La Politique étrangère du Canada

Carleton University, 2116 Dunton Tower

1125 Colonel By Drive, Ottawa. ON

Canada K1S 5B6

Telephone/Téléphone (613) 520-6696; Fax/Télécopieur (613) 520-3981; Email: cfp@carleton.ca.



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ABSTRACTS/RÉSUMÉS

WHAT MONTREUX MEANS: CANADA AND THE NEW REGULATION OF THE INTERNATIONAL PRIVATE MILITARY AND SECURITY INDUSTRY

CHRISTOPHER SPEARIN

This article assesses the likely impacts on Canada of the Montreux Document on Pertinent International Legal Obligations and Good Practices for States Related to Operations of Private Military and Security Companies During Armed Conflict (“the document”). The article contends that the document’s provisions for states contracting private military and security services would require a reconsideration of personnel vetting, a task that will be difficult for Canada to enact. As well, while the document asserts that contracting states are clearly responsible for the actions of their contracted companies, the utility of these companies as a policy tool, given the industry’s shift towards indigenization, may be significantly compromised. The article also argues that the document’s good practices for the home states in which companies are based, risks politicizing the bilateral defence trade between Canada and the United States because of the latter’s prominence in the industry.

Cet article porte sur l’incidence possible, pour le Canada, du Document de Montreux sur les obligations juridiques pertinentes et les bonnes pratiques pour les États en ce qui concerne les opérations des entreprises militaires et de sécurité privées opérant pendant les conflits armés (« le document »). L’auteur estime que les dispositions de ce document imposant des obligations aux États en ce qui concerne les contrats signés par les entreprises militaires et de sécurité privées quant au filtrage du personnel seront difficiles à honorer pour le Canada. Même si le document affirme que les États en question sont évidemment responsables des actes de telles entreprises, leur utilité comme mécanisme d’intervention, étant donné la tendance à l’indigénisation dans ce secteur, peut s’en trouver fortement compromise. L’auteur affirme également que les bonnes pratiques dictées par ce document aux États où ces entreprises ont leurs sièges sociaux risquent de politiser le commerce de défense bilatéral entre le Canada et les États-Unis du fait de la prépondérance de ces derniers dans le secteur.

ASSESSING THE SUCCESS OF THE WTO DSM: LESSONS FROM SOFTWOOD LUMBER IV

RUSSELL ALAN WILLIAMS

Given Canada’s export dependence on American markets, Canadian trade officials have placed considerable emphasis on the Dispute Settlement Mechanism (DSM) of the World

Trade Organization (WTO) in managing trade relations with the United States. By subjecting disputes to the DSM, officials hope to reduce the impact of the asymmetrical distribution of power between the two countries, ensuring that disputes are settled in accordance with the rules, rather than through bilateral negotiations in which settlements are driven by the relative power of the two nations. Most analysis has suggested that the DSM has been relatively successful in adjudicating trade disputes and that this has affected the nature of settlements. However, much of this analysis is based on problematic measures of success that do not examine the outcome of cases in sufficient detail to judge how effective the system really is. This paper explores the effectiveness of the DSM through an examination of the softwood lumber dispute—Lumber IV—arguing that, despite the common Canadian view that the system failed, the process was more effective than is recognized. The process worked, the problem for Canada is that WTO rules did not unequivocally support the Canadian position. This finding suggests that even in hard cases, the DSM is a successful arbiter of disputes.

Vu que les exportations canadiennes dépendent des marchés américains, les autorités canadiennes en matière de commerce insistent beaucoup sur le Mécanisme de règlement des différends (MRD) de l'Organisation mondiale du commerce (OMC) dans la gestion de nos relations commerciales avec les États-Unis. En « judiciarisant » les conflits, celles-ci espèrent limiter l'incidence de la puissance asymétrique des deux pays, ce qui permettrait de régler les différends selon « les règles », plutôt qu'à l'issue de négociations bilatérales dont le règlement dépend de la puissance relative des deux pays. Toutefois, une bonne partie de cette analyse repose sur des mesures de succès incertaines qui ne tiennent pas suffisamment compte du résultat des cas pour évaluer convenablement l'efficacité réelle du système. L'auteur examine la question en considérant les différends sur le bois d'œuvre – « Bois d'œuvre IV », déclarant que bien que les Canadiens estiment en général que le système a « échoué » – il s'est révélé plus efficace qu'on le pense. Le processus fonctionne; le problème, pour le Canada, c'est que les règles de l'OMC ne soutenaient pas de façon évidente la position canadienne. Sa conclusion est que, même dans les « cas difficiles », le MRD est un arbitre valable des différends.

MAGAZINES, MINISTERS AND “MONOCULTURE”: THE CANADA-UNITED STATES DISPUTE OVER “SPLIT RUN” MAGAZINES IN THE 1990S

JOHN STEWART

Why, given the small commercial stakes, did this dispute become so high profile and acrimonious? An insider's examination of the events indicates that chief corporate executives, whose protectionist impulses did not reflect their own industry's ultimate interests, determined the key Ministry's position. Top political leadership allowed this position to become the Government's, and systematic media and political distortion sustained popular support.

Diplomatic avenues were rejected until very late in the dispute. The Canadian side fundamentally misunderstood the American position and motives, as shown by the fact that post-dispute outcomes, both for the industry and for the bilateral relationship, ran opposite to predictions made by Canadian players.

Pourquoi, les enjeux commerciaux étant si minimes, ce différend a-t-il fait tant de bruit et suscité une telle acrimonie? Cet article rédigé par un initié explique que les dirigeants des entreprises concernées, dont les tendances protectionnistes ne reflétaient pas l'intérêt ultime de leur propre secteur, ont dicté la position essentielle du Ministère. Les autorités politiques ont permis que cette position devienne celle du gouvernement et les préjugés politiques et médiatiques systématiques ont fait le reste sur l'opinion publique. Les voies diplomatiques ont été rejetées jusqu'à très récemment. La partie canadienne s'est fondamentalement trompée sur la position et les motifs des États-Unis, comme le révèlent les résultats constatés depuis les différends, tant pour le secteur que pour les relations bilatérales, résultats qui sont contraires à ce qu'avait prédit la partie canadienne.

SPECIAL SECTION - The Politics of Canada-Cuba Relations: Emerging Possibilities and Diverse Challenges

PARTIE SPÉCIALE - La politique des relations Canada-Cuba : Options émergents et défis

CANADA AND THE CUBAN REVOLUTION: DEFINING THE RULES OF ENGAGEMENT 1959-1962

RAÚL RODRÍGUEZ RODRÍGUEZ

The triumph of the Cuban Revolution in 1959 was a turning point in the history of the Cuban republic; a new Cuban government started a process of socio-economic and political transformations. The initial reaction of the United States government—with the additional support of the Cuban propertied class—led to the deterioration of the United States-Cuba bilateral relation.

As the US economic sanctions were instituted, the Cuban government turned to other Western states, Canada among them, to try to minimize the economic impact of US policy. Canada's export-oriented economy was poised to benefit from the new opportunities offered by the Cuban market, and Cuba offered Canada a means to assert its sovereignty by forging an independent foreign policy stance. Canada was forced to observe restraint and allegiance to its NATO partners, and especially to its closest ally, the United States—the state most hostile to the outcome of the Revolution in the context of Cold War. This complex scenario started to unfold in 1959, and was fraught with challenges and opportunities for Canada-Cuba bilateral relations.

These first eventful years would have a lasting impact upon Canadian policy toward Cuba until the present day. Drawing upon Canadian and Cuban original documents, this article presents a characterization of the bilateral relationship during 1959-1962: how it was perceived in Ottawa and Havana, and how—by dealing with the situation from 1959 on—the Diefenbaker government defined the rules for future bilateral engagements with Cuba.

Le triomphe de la révolution cubaine en 1959 a marqué un virage dans l'histoire de la république cubaine. Le nouveau gouvernement cubain a lancé un processus de transformation socioéconomique et politique. La réaction initiale du gouvernement américain, avec l'aide de la classe possédante – a mené à la détérioration des relations bilatérales entre les deux pays.

Suite à l'instauration des sanctions économiques américaines, le gouvernement cubain s'est tourné vers d'autres États occidentaux, dont le Canada, pour essayer de minimiser l'impact économique de la politique américaine. L'économie canadienne, orientée sur les exportations, ne pouvait que bénéficier de ces nouveaux débouchés qu'offrait le marché cubain et Cuba offrait au Canada un moyen d'affirmer sa souveraineté en se forgeant un axe de politique étrangère indépendant.

Le Canada s'est néanmoins trouvé contraint d'observer les conditions imposées par ses partenaires de l'OTAN et en particulier de son allié le plus proche, les États-Unis – État le plus hostile à cette révolution dans le contexte de la Guerre froide. Ce nouveau scénario complexe a commencé à se dérouler en 1959 et présentait à la fois des défis et des possibilités pour les relations bilatérales entre le Canada et Cuba.

Ces premières années, fécondes en événements, devaient avoir une incidence durable sur la politique canadienne vis-à-vis de Cuba. En se basant sur les documents initiaux canadiens et cubains, cet article présente une interprétation de la relation bilatérale entre 1959 et 1962 : comment celle-ci était perçue par Ottawa et par La Havane et comment – face à la nouvelle situation à partir de 1959 – le gouvernement Diefenbaker a défini les règles de futurs engagements bilatéraux avec Cuba.

THE CHRÉTIEN YEARS: EVALUATING 'CONSTRUCTIVE ENGAGEMENT'

PETER McKENNA AND JOHN M. KIRK

For most of Prime Minister Jean Chrétien's ten years in office, his approach toward revolutionary Cuba was predicated on a policy of constructive engagement, or principled pragmatism. The piece begins by outlining the nature and extent of Canada-Cuba engagement, exchange, and dialogue during the Chrétien period. The article will then identify what worked in terms of bilateral relations and what did not, and in light of the Chrétien highs and lows, it will highlight the key lessons learned and explain why. Lastly, it

will conclude with a series of policy recommendations for Canadian governments (current and future) to contemplate if Ottawa—especially given the changing United States-Cuba dynamic—hopes to enhance and strengthen ties with a post-Fidel Cuba.

Pendant pratiquement toute la décennie du gouvernement Chrétien, face au gouvernement révolutionnaire de Cuba, il était question de politique « d'engagement constructif » ou « de pragmatisme reposant sur des principes ». Cet article dresse un tableau rapide de la nature et de la portée des relations entre le Canada et Cuba, des échanges et dialogues durant cette période. Il explique ensuite ce qui a marché et ce qui a échoué. À la lumière des hauts et des bas constatés durant les années Chrétien, il fait ressortir les leçons clés que l'on a pu en tirer et les raisons qui peuvent les expliquer. Il conclut par une série de recommandations pour les gouvernements canadiens (actuels et futurs) à envisager si Ottawa – sur tout depuis la nouvelle dynamique entre les États-Unis et Cuba – espère accroître et consolider ses liens avec Cuba après Castro.

CANADA-CUBA RELATIONS: AN AMBIVALENT MEDIA AND POLICY

HEATHER NICOL

This study examines Canadian newspapers and Parliamentary texts dating from 2000 to 2009. It suggests that there is, and has been, a consistent relationship between media portrayal of Cuba issues since the mid-1990s, but that in recent years as Canada's certainty of, and support for, Cuba has declined, a contradictory press facilitates an ambivalence towards Cuba that reflects the current state of Canada-Cuba relations.

Since 2000, less than one percent of all newspaper articles published in all Canadian major dailies have discussed Cuba. This lack of media coverage is striking, considering that Canadian companies have invested largely in Cuba and that Canadians have been among the largest groups of vacationers to the island for quite some time. The Canadian International Development Agency (CIDA) has invested millions in official development assistance, while the current Conservative Government plays upon human rights issues on the island and the inherent failures of former rounds of Canadian constructive engagement to resolve these. The maintenance of normalized relations with Cuba has been consistently challenged in Parliamentary debates by Conservative MPs. The latter have linked human rights abuses on the island with an increasingly critical approach to Canada's traditional policy of constructive engagement.

Une analyse des journaux et textes parlementaires canadiens entre 2000 et 2009 permet d'établir un lien réel entre la façon dont les médias ont toujours présenté les questions concernant Cuba et nos relations avec ce pays depuis le milieu des années 90 mais que, ces dernières années, alors que les convictions et le soutien du Canada ont décliné, une presse

contradictoire favorise une certaine ambivalence à l'égard de ce pays, ce qui reflète l'état actuel des relations Canada-Cuba.

Depuis l'an 2000, moins d'un pour cent de tous les articles publiés dans tous les grands quotidiens canadiens ont porté sur Cuba. Cette absence de couverture médiatique est frappante, quand on sait que les entreprises canadiennes ont beaucoup investi à Cuba, que les Canadiens comptent parmi les groupes de touristes les plus importants dans cette île déjà depuis un certain temps. L'Agence canadienne de développement international (ACDI) investit des millions d'assistance publique au développement, alors que le gouvernement conservateur actuel joue sur les questions de droits humains et sur les échecs des tentatives antérieures d'engagement constructif à cet égard. Le maintien de relations normalisées avec Cuba est systématiquement contesté par les députés conservateurs dans les débats parlementaires. Ceux-ci, arguant du non-respect des droits humains à Cuba, sont de plus en plus critiques vis-à-vis de la politique du Canada.

CANADA'S ECONOMIC RELATIONS WITH CUBA, 1990 TO 2010 AND BEYOND

ARCHIBALD R. M. RITTER

During the Colonial era, from Independence to 1959 and throughout the regimes of Presidents Fidel and Raúl Castro, Canada and Cuba have maintained a normal and mutually beneficial economic relationship. During the first half of the 1990s, this relationship was invaluable for Cuba as it adjusted to the loss of Soviet subsidization and to its disconnection from the former Soviet Bloc. In these years, Canadian participants were enthusiastic and optimistic about future economic relations. However, in the 2000s this was replaced by greater realism and some scepticism concerning the possibilities for deepening economic interaction, partly because of Cuba's quick displacement of Canada as a major source of agricultural imports by the United States after 2002. In future, Canadian-Cuban relations will be determined mainly by Cuba's economic performance, the policy environment within which it conducts its international economic relations, and the process of normalizing Cuban-United States relations.

The objective of this essay is to analyze and explain the principal features of the economic relationship between Canada and Cuba in the decades of the 1990s and the 2000s, and to explore the major determinants and possible character of this relationship in future. A range of economic dimensions is examined, including trade in goods and services (notably tourism), direct foreign investment, international migration, and development assistance. Following a brief review of the evolving relationship from 1959 to 1990, the nature of the economic relationship between Canada and Cuba is analyzed in more detail for the 1990 to 2009 era. The future economic relationship is then explored, focusing on Cuba's economic recovery and policy environment, and the probable impacts of normalization with the United States.

Durant l'ère coloniale, de l'Indépendance à 1959 et tout au long des régimes des présidents Fidel et Raul Castro, le Canada et Cuba entretiennent une relation économique normale et mutuellement bénéfique. Pendant la première moitié des années 90, cette relation est extrêmement précieuse pour Cuba qui vient de perdre les subventions soviétiques et les liens qu'il avait avec l'ancien bloc soviétique. Les participants canadiens se montrent enthousiastes et optimistes quant aux relations économiques. Toutefois, dans les années 2000, cet optimisme fait place au réalisme, voire scepticisme, pour ce qui est des possibilités d'approfondissement d'une interaction économique, en partie parce que Cuba, après 2002, a rapidement remplacé le Canada par les États-Unis comme principale source d'importations agricoles. Pour l'avenir, les relations entre les deux pays dépendront essentiellement des résultats économiques de Cuba, de l'environnement politique dans lequel il mène ses relations économiques internationales et du processus de normalisation des relations entre Cuba et les États-Unis.

Cet essai tente d'analyser et d'expliquer les caractéristiques principales des relations économiques entre le Canada et Cuba dans les décennies 1990 et 2000, tout en examinant les grands facteurs déterminants de cette relation et la forme qu'elle pourrait prendre. Sont examinées tout un éventail de dimensions économiques, notamment les échanges de biens et services (en particulier le tourisme), les investissements étrangers directs, la migration internationale et l'assistance au développement. Suite à un rapide examen de l'évolution de ces relations entre 1959 et 1990, l'auteur analyse plus avant la nature de la relation économique entre 1990 et 2009. Il se penche ensuite sur l'avenir de cette relation, en se concentrant sur la reprise économique et l'environnement politique de Cuba et sur les conséquences probables de la normalisation des relations avec les États-Unis.

CANADIAN-CUBAN ECONOMIC RELATIONS: THE RECOGNITION AND RESPECT OF DIFFERENCE

LUIS RENÉ FERNÁNDEZ TABÍO

Despite geopolitical and ideological obstacles, the economic relationship between Canada and Cuba has, for the most part, been characterized as a prosperous and positive exchange for the two countries and its people over time. This paper suggests that Canadian-Cuban relations hold the potential to function within a different framework as a kind of new paradigm for North-South relations in the Western hemisphere in the face of US hegemony and its confrontational policy toward Cuba. With Canada and Cuba having benefited from a practice of good business, perhaps this exchange has provided a stable and prosperous base for the two nations to critically analyze structures to build upon for future relations. The significance of this relationship could be explained as a kind of mutual understanding the two have in the making of a new history, the outcome of the two countries having shared a common geographic position in relation to the United States.

Malgré les obstacles géopolitiques et idéologiques, les relations économiques entre le Canada et Cuba se sont en général traduites par un échange prospère et positif pour les deux pays et pour leur peuple. L'auteur estime que les relations canado-cubaines pourraient fonctionner dans un cadre différent en offrant un genre de nouveau paradigme pour les relations nord-sud dans l'hémisphère occidental par opposition à l'hégémonie des États-Unis et à leur politique de confrontation vis-à-vis de Cuba. Le Canada et Cuba ayant l'un et l'autre profité de bonnes relations pragmatiques, ils ont peut-être les bases voulues pour effectuer une analyse critique des structures qui permettraient éventuellement de développer de telles relations. On y verrait une forme d'entente mutuelle à prendre en quelque sorte un virage historique reposant sur une situation géographique similaire par rapport aux États-Unis.

TO ENGAGE OR NOT TO ENGAGE: AN (A)FFECTIVE ARGUMENT IN FAVOUR OF A POLICY OF ENGAGEMENT WITH CUBA

CALUM McNEIL

This paper seeks to explore the role of emotion in Canadian and American policy toward Cuba, with specific consideration of the emotional and normative dynamics associated Canadian-Cuban policy during the 1990s, and with the Cuban Democracy Act of 1992 and the Cuban Liberty and Democratic Solidarity (*Libertad*) Act of 1996. A key point of comparison of this analysis is the assumption shared by both Canadian and American policy toward Cuba that regime change is inevitable, and that it will invariably correspond to the norms predominant in the domestic political systems of both states. It is my contention that a consideration of emotion allows us to gain insight into the decision-making behaviour in both states—and amongst the mass publics contained within them. It also allows us a means to more fully understand the possible particularities that distinguish the rational calculus of one state's policies from another. By broadening our understanding of these, I illustrate how a policy of engagement is preferable to either embargo or constructive engagement.

L'auteur s'interroge sur le rôle de l'émotion dans les politiques canadienne et américaine vis-à-vis de Cuba, en examinant plus spécifiquement la dynamique émotionnelle et normative associée à la politique canadienne concernant Cuba durant les années 1990 ainsi qu'à la *Cuban Democracy Act* de 1992 et à la *Cuban Liberty and Democratic Solidarity (Libertad) Act* de 1996. Un point de comparaison essentiel dans le cadre de cette analyse est qu'à la fois la politique canadienne et la politique américaine vis-à-vis de Cuba présupposent un changement de régime qui devra nécessairement correspondre aux normes prédominantes dans les régimes politiques des États-Unis et du Canada. L'auteur juge que les facteurs émotionnels permettent de mieux comprendre le comportement décisionnel de ces deux pays – et de leur population; ainsi que les particularités possibles qui distinguent le calcul rationnel

présidant aux politiques des deux États. En élargissant ainsi notre compréhension des faits, il montre en quoi une politique d'engagement est préférable à un embargo ou à un engagement constructif.

THE TRUTH ABOUT CUBA?

JULIA SAGEBIEN AND PAOLO SPADONI

The search for truth in and about Cuba is an elusive and puzzling pursuit primarily affected by: 1) competing narratives of contested events; 2) the emotional distress that accompanies the experience of cognitive dissonance; 3) the Cuban cultural propensity towards vehement disagreement; and 4) the syncretic capacity of Cubans to inhabit several worlds at the same time. Canadian Cuba observers must strive to develop a balanced understanding of these competing narratives about Cuba and of the people who tell them.

Il est à la fois problématique et troublant de rechercher la vérité en ce qui concerne Cuba, essentiellement parce que : 1) selon les points de vue, certains événements ont été interprétés très différemment; 2) des troubles émotionnels accompagnent toute expérience de dissonance cognitive; 3) la propension culturelle cubaine mène à de véhéments désaccords; et 4) les Cubains sont dotés d'une capacité syncrétique à habiter plusieurs mondes simultanément. Les observateurs canadiens doivent ainsi s'efforcer de parvenir à une compréhension équilibrée de ces récits contradictoires sur Cuba et des gens qui les racontent.

WHAT MONTREUX MEANS: CANADA AND THE NEW REGULATION OF THE INTERNATIONAL PRIVATE MILITARY AND SECURITY INDUSTRY

CHRISTOPHER SPEARIN*

In recent years, international private military and security companies (PMSCs) have been the focus of increasing analytic scrutiny (Avant, 2005; Kinsey, 2007; Singer, 2008). In the Canadian context, several studies have examined how this developing industry has affected the Canadian Forces (CF) and Canada's foreign and defence policies (Perry, 2007; Spearin, 2004a; 2004b; 2005; 2007; 2008; 2009). Although during this time there have been many academic and policy-related proposals regarding international PMSC regulation, it is only now that a concrete effort is being made to examine and assess the impact of international regulation on state involvement with the PMSC industry (Cameron, 2006; Holmqvist, 2005; Jennings, 2006). This effort is the Montreux Document on Pertinent International Legal Obligations and Good Practices for States Related to Operations of Private Military and Security Companies During Armed Conflict (hereafter the "Document").

Following three years of negotiations, Canadian officials along with those from 16 other countries—Afghanistan, Angola, Australia, Austria, China, France, Germany, Iraq, Poland, Sierra Leone, South Africa, Sweden, Switzerland, Ukraine, the United Kingdom, and the United States—signed the Document, the product of a Swiss-based scheme, on 17 September 2008. The International Committee of the Red Cross (ICRC) heralds it as an important and groundbreaking framework regarding PMSCs as it "outlines for the first time ever detailed and practical measures to help states enhance compliance with international humanitarian law and ensure respect for human rights" (*Seventeen countries ...*, 2008). At the Document's heart are identification and clarification of hard international humanitarian and human rights law that bind states. There are also 73 non-binding soft standard—good practices—designed to make real the hard law obligations. These good practices apply to three possibly overlapping categories of states: contracting states, home states, and territorial states (i.e., states in which PMSCs carry out their contracts). Additionally, the Document's drafters suggest that the good practices are equally applicable to the wider issue of developing responsible state-PMSC relationships. Taken together, for the head of the Swiss foreign ministry's international law division, the Document's "practical impact will be, I hope, quite a big one" (cited in Slater, 2008).¹

This paper examines the practical impact and the challenges that Canada will likely confront in applying the good practices in full.² There are several factors that underscore the utility of this exercise. Canada's involvement with PMSCs, both as a contracting state and as a home state, is increasing. Also, the Document's good practices were negotiated, in large part, by states with Canada, at times, taking a lead role on certain matters. Although the good practices are non-binding, they are nevertheless a political outcome amongst states. What is more, these practices exceed in their robustness the limited number of current state

* Dr. Christopher Spearin is an associate professor, department of defence studies, Royal Military College of Canada located at the Canadian Forces College in Toronto. The views expressed in the article are those of the author; they do not necessarily reflect those of the Canadian Department of National Defence or the Government of Canada.

¹ In this study, attention will be only paid, in the Document's terms, to contracting states and home states.

² For a line-by-line consideration of the Document and the dynamics leading to its negotiation, see Cockayne (2009). See also Montreux Document (2008).

regulations that exist on the books that cover PMSC activities. At the time of writing, only the United States and South Africa have regulations, of varying scope, that are directed at the PMSC industry. In this sense, the good practices do not exactly reflect current state practice in all its forms, but they indicate directions towards which states should strive in their PMSC-related policy.

Certainly, the Swiss government is working hard to disseminate these good practices. Already discussions have occurred with the United Nations (UN), the North Atlantic Treaty Organization (NATO), the Organization of American States, and the Organization for Security and Cooperation in Europe. Additionally, ICRC representatives expect that states instrumental in the Document's drafting, Canada included, will champion the Document on the world stage. Logically, part of championing these good practices would come through Canadian policy adoption. In following these good practices, therefore, what might be the effects for Canada?

This article contends, first, that the Document's provisions for states contracting PMSC services would require reconsideration of PMSC personnel vetting, a task that will be difficult for Canada to enact. While the Document, as we shall see, makes it clear that contracting states are responsible for the actions of their contracted PMSCs, the utility of PMSCs as a policy tool, given the shift in the PMSC industry towards indigenization, may therefore be significantly compromised. It also argues that the Document's good practices for the home states, in which PMSCs are based, risks politicizing the bilateral defence trade between Canada and the United States because of the latter's prominence in the PMSC industry. By expanding the scope from assessing how PMSCs respect humanitarian and human rights obligations to considering what tasks PMSCs are conducting, for which clients, and towards what ends, a tension will develop between Canada doing good on the international stage and Canada not upsetting its bilateral defence relationship with the United States. In short, full conformity with the Document's good practices would be a significant difficulty for Canada, and it would risk instigating political complications with the United States.

Canada as a Contracting State

The Document makes it plain, and its signatories formally agree, that PMSCs do not operate in a legal vacuum. Even though firms, under state employ, are private actors, their conduct is nevertheless attributable under the concept of due diligence appropriate to international human rights law and Common Article 1 of the Geneva Conventions. This requires all state parties to "undertake to respect and ensure respect for the present Convention in all circumstances". Similarly, the awareness of states relying upon PMSC services should be seemingly heightened because PMSCs often operate in "inherently dangerous" situations, which might increase the risk of violations of humanitarian or human rights law (Expert Meeting on Private Military Contractors, 2005: 37).

To make real these legal responsibilities, the Document's good practices relate to processes and criteria for selecting a company, stipulations to include in contracts, and methods to consider that ensure sufficient compliance and accountability. For instance, the Document sees contracting states as requiring "their" PMSC personnel to be appropriately

trained and fully aware of their humanitarian and human rights obligations. Similarly, PMSC personnel are to have a “reliably attested record” in terms of no significant criminal pasts and, in particular, no past involvement in humanitarian and human rights transgressions. The Document also requires states to ensure the lawful acquisition, storage, and use of weaponry by PMSCs. Although some of these responsibilities outlined in the Document are seemingly placed under the purview of PMSCs through contract stipulations, ultimately state activism is required throughout the entire contractual relationship in terms of selection, monitoring, and enforcement.

The Document’s requirements for contracting states affect Canada because of its increasing involvement with the PMSC industry. For example, while the Canadian Forces Military Police does provide security at many Canadian foreign missions, the Department of Foreign Affairs and International Trade (DFAIT) nevertheless spent CA\$15.6 million on security services from more than 40 companies in 2007-2008 (Antonyshyn, Grofe, & Hubert, 2009: 19). Although the interaction of several government departments with PMSCs is not new—past contractual relationships have occurred in Africa, South Asia, Central America, and the Caribbean—Canada’s ongoing mission in Afghanistan has placed this private-public engagement on a higher level. PMSC activities performed for Canadian government clients in Afghanistan include the following: embassy security, guarding of unused infrastructure and bases, VIP protection, post-incident security cordons, and security for development projects (Perrin, 2008: 5; Spearin, 2009: 484, 488). In a contractual sense, all of these services are defensive, rather than offensive, in orientation.³

To better ensure that the personnel of PMSCs hired by Canada recognize humanitarian and human rights laws, contractual stipulations were introduced in 2007, a decision synonymous with the Document’s good practices. Contracted PMSCs are to “read and abide by” the ICRC’s code of conduct for combatants. This is to focus PMSC efforts on military endeavours and to “spare civilian persons and objects” (cited in Mayeda, 2008). As well, the CF is now required to confiscate ammunition and weapons held by PMSCs “found to be in violation of the Law of Armed Conflict or any treaties ratified by Canada” (cited in Mayeda, 2008). Similarly, PMSC personnel hired by Canada are to operate only in self-defence, as per the point above, and must wear distinctive uniforms (Antonyshyn et al., 2009: 23). In the administration of these contracts, language has been tightened so that there is now a Canadian Technical Authority that oversees the performance of contractors (Maidment, 2008: 19). In particular, and in keeping with the Document’s spirit, contracts are designed so that Canada may withhold payment should the PMSC be required to provide compensation for wrong doing (Antonyshyn et al., 2009: 23). Finally, Canada requires that all of its hired PMSCs be legally registered with the national government as per Afghan law.

In this regard, a challenge posed to Canada is the increasing PMSC indigenization in Afghanistan. Indeed, while some of the PMSC personnel Canada employs in Afghanistan come from the developed world, many of the PMSCs hired by Canada have Afghan employees. Indigenization is not surprising, given the desire of firms to drive down costs and win contract bids. Approximately 28,000 registered individuals work for PMSCs in Afghanistan; as many as 20,000 are Afghans.

³ In practice, because of the weapons employed and the intensity of encounters, sometimes the line between the offensive and the defensive can seem blurred. In recognizing these factors, the article emphasizes contractual obligations, stipulating the defensive application of violence. For normative and promotional reasons, this defensive stance is increasingly stressed by the PMSC industry (Schreier and Caparini, 2005: 34; Spearin, 2010).

One can be concerned, therefore, about PMSC training in terms of the humanitarian and human rights requirements stated in the Document. Examining the nature of the past experiences and training of many Afghan PMSC personnel reveals that even a rudimentary understanding of international legal requirements is likely lacking, and that much greater diligence is required on the behalf of the contracting state. The experience of Afghan personnel rests largely on their earlier fighting in the 1980s against the Soviets and in the 1990s against the various factions that struggled for power in Afghanistan; approximately 80 percent of Afghan PMSC personnel have militia backgrounds (Private Security Companies and Local Populations, 2007: 19). Put differently, PMSCs rely upon many Afghans who have continually confronted violence throughout their lives in conflicts known for their ferocity rather than for their respect of international legal restraints. For one Afghan PMSC employee, “We don’t have any special training. ... We just sit in our vehicles and whenever something happens, we fight” (cited in Blackwell, 2008). This means that greater attentiveness of contracting states is required, beyond contractual stipulations for “reading and abiding”, to include specific training requirements that are actually delivered and monitored effectively.

Two additional complications arise for Canada regarding the Document’s vetting suggestions for PMSC personnel. First, the Document proposes that PMSC personnel should not have any involvement in organized criminal activities, violent crime, bribery, or corruption. Yet the offering of PMSC services is a way for many Afghan warlords to avoid disarmament, demobilization, and reintegration (DDR) activities that have been undertaken since 2003.⁴ Warlords, therefore, can maintain and hire out sizeable blocks of their forces to provide PMSC services and, in so doing, garner money, influence, and some form of legal sanction for their continued activities. Indeed, Canada has relied upon private security with some warlord connections (Blanchfield and Mayeda, 2007: A1; Antonyshyn et al., 2009: 21). This suggests to Afghan observers that warlordism still holds considerable sway, especially given that the Afghan government has had difficulty in managing the number and size of PMSCs (United States, Congressional Research Service, 2010: 3; Green, 2010). It also suggests that the avoidance of criminality, in whatever guise, is extremely challenging in the Afghan context for Canada to remain true to the Document’s good practices.

The second concerns challenges for Canada in vetting PMSC personnel for any past involvement in criminal activity or humanitarian and human rights transgressions. For Sean McFate (2007: 82), a risk consultant and former PMSC advisor, the *raison d’être* of vetting “is to select individuals who will respect the rule of law and human rights norms ... it overrides all other priorities, such as an applicant’s relevant experience or technical skills”. However, whereas this may be relatively easy in terms of developed world PMSC personnel, the complexity and difficulty mounts substantially with the indigenization of the PMSC industry. State records with the appropriate level of proof may not be available, either due to insufficient recordkeeping and/or their destruction in the midst of violence. Translation problems are likely to slow the whole process. Independent media reports or reliable evidence provided by non-governmental organizations may not be available.⁵

Certainly, even states with considerable resources have found vetting to be a very difficult task. The Leahy Law, as one example, is a 1996 stipulation introduced by the US Congress

⁴ One firm employed by Canada, Saladin Security, does state that its hiring procedures are linked to DDR activities.

⁵ PMSCs working in Iraq, for instance, that attempted to do such background checks as required by the Iraqi Ministries of Trade and Interior or by the US Chief of Mission, faced such challenges (Krahmann, 2005: 264; United States, Government Accountability Office, 2006: 3-4).

meant to prevent US military assistance from somehow contributing to human rights abuses. Because of the challenges associated with identifying individual perpetrators, the law focuses instead on the human rights records of military units. Even then, effectiveness has not been optimal in target countries like Colombia and Nigeria because of the limited abilities of US personnel and the complexity of the work (Lumpe, 2002: 30). The challenge for Canada, therefore, seemingly balloons, given the even smaller resource base and the need to check the histories of individuals who may or may not have had previous state security sector experience.⁶ Even if due diligence can be exercised, it is conceivable that reliable paper trails do not currently exist, if they ever did.

Going to the extreme of completely eliminating PMSC usage in Afghanistan, in order for Canada to remain true to the Document's good practices, is unlikely because of the numerical support firms provide. In recent years, military officials have reported that the Canadian army was nearing its breaking point, with some senior non-commissioned officers now being sent on their fourth tours of Afghanistan (Pugliese, 2008; Sibley, 2009). As well, CF recruitment targets were not being met despite promises made by the government to increase the military's size.⁷ Given this already existing strain, Brigadier-General Denis Thompson, when he served as commander for Joint Task Force Afghanistan in 2008, noted the essential contribution made by PMSCs:

There are many aspects of the mission here in Afghanistan, many security aspects, that are performed by private security firms, which, if they were turned over to the military, would make our task impossible. We just don't have the numbers to do everything (cited in Galloway, 2008).

Major Jay Janzen, a CF spokesperson, echoed this appreciation. He recognized that PMSCs were partners in the mission that allowed for a division of responsibilities, which saw CF personnel in Afghanistan conducting more specialized jobs as per their training (cited in Blackwell, 2008).⁸

Ironically, it is the very nature of this division of responsibilities and specialization that would make it difficult for Canada to follow a less extreme measure: the replacement of Afghans with PMSC personnel of other nationalities. While the costs of PMSC services would certainly increase through the employment of non-local personnel, the larger issue is that the PMSC industry is increasingly not structured, functionally or economically, in a manner leading to an easy following of the Document's good practices from the Canadian perspective. PMSC personnel from the developed world, for instance, often concentrate on leadership or managerial roles or they fulfill specialized responsibilities such as close protection. PMSCs capitalize, therefore, on these individuals' past high levels of training and public sector investment. In contrast, personnel from the developing world frequently do tasks commensurate with their more basic skill sets, such as guarding, monitoring, and static security. In fact, according to Captain Sonia Connock, another CF spokesperson, different levels of training are recognized in the Afghan context: "The use of security firms allows for the freeing up of Canadian Forces personnel so these highly trained forces can be tasked with those duties that will best advance the mission in Afghanistan" (cited in Leeder, 2008).

⁶ One can note the considerable effort and difficulties encountered in the US scheme to count and manage contracted personnel in Iraq and Afghanistan (United States, Government Accountability Office, 2009).

⁷ For background on the strains the CF faces, see Sibley (2009), Pugliese (2008), and Woods (2009).

⁸ An implication here is that state militaries perform offensive tasks whereas PMSCs are limited to defensive duties.

6 Additionally, hiring non-local PMSC personnel from the developing world would not necessarily resolve the challenge posed by varying training levels in the PMSC industry and humanitarian and human rights requirements. In the Iraqi context, for instance, US officials and PMSCs alike often encountered difficulties in vetting individuals hired from countries in Africa, South America, and elsewhere. In total, following the Document's good practices would likely see Canada going against the grain of both the operational configuration of current public-private relationships, and how the internal economy of the PMSC industry is structured.

Canada as a Home State

Canadian PMSCs are gradually gaining presence on the international stage. For instance, one firm, Tundra Group, has three sub-companies: Tundra Strategies, Tundra SCA, and Tundra Information Management Services (TIMS). Tundra Strategies offers, amongst other services, close protection and training. Tundra SCA is solely an Afghanistan-focussed PMSC. TIMS is an intelligence and risk assessment company. As another example, Globe Risk International specializes in close protection, risk assessments, and kidnap and ransom negotiations and has, in the recent past, operated in Afghanistan (Antonyshyn et al., 2009: 6). The biggest Canadian-based PMSC, GardaWorld, is ranked as the fifth largest global provider of private security services (with approximately 50,000 employees) following a series of acquisitions, some 16 companies in total, starting in 2003 (Antonyshyn et al., 2009: 5). In particular, with its purchase of PMSCs such as Kroll Security International and Vance International, GardaWorld immediately picked up high profile contracts. This included the provision of security for USAID personnel working in Iraq, and for the British embassy in Baghdad and the British consulate in Basra. The UN also contracted GardaWorld for security advice and logistical support for the 2005 Afghan parliamentary elections. As of 2007, GardaWorld had approximately 1,800 personnel working in Iraq and Afghanistan (Antonyshyn et al., 2009: 5). Furthermore, GardaWorld executives envision commercial opportunities in these sorts of unstable countries as part of its future growth, due to the demand and the lucrative nature of the work (Lamey, 2007: B1).

At present, Canadian PMSCs fall under a number of legislative instruments and regulatory tools: the Canada Business Corporations Act, the Income Tax Act, and Industry Canada's database on Canadian-incorporated companies. Put differently, while these tools give the government a degree of awareness, Canadian-based PMSCs are treated no differently than other transnational firms (Maidment, 2008: 10-11).

There are no requirements, therefore, for a general licensing scheme, as suggested in the Document, which would ensure that the personnel of Canadian-based PMSCs would operate within certain humanitarian and human rights standards in carrying out contractual obligations. There are similarly no requirements that these personnel are provided the necessary humanitarian and human rights training, and that they come from reputable professional backgrounds with criminal-free histories. As well, the limited intimacy of current Canada-PMSC relations suggests that Canada lacks an understanding of any particular company's internal structures and policies. This would affect government assessments as to whether a PMSC possesses the necessary financial capacity to provide

reparations, should its personnel be brought to account for international humanitarian and human rights law violations. It follows that there are no Canadian requirements, as per the Document's good practices, to authorize the provision of specific PMSC services, ones that could have a negative humanitarian and/or human rights impact.

In this, as noted at the study's start, Canada differs from the United States and South Africa, which have, respectively, the International Traffic in Arms Regulations, and the Prohibition of Mercenary Activity and Regulation of Certain Activities in a Country of Armed Conflict Act. These regulations are distinct from neutrality regulations found in many countries legal statutes, such as Canada's Foreign Enlistment Act (1937), as they pertain to the constant licensing, assessment, and monitoring of PMSCs. Instead, Canada's regulations pertain only to its citizens joining foreign militaries and, as such, they are not equipped to cope with the contemporary privatization of security (Antonyshyn et al., 2009: 7; Spearin, 2004a: 3; Spearin, 2009: 497).

The Document's drafters hope that the requirement for authorization will allow home state governments the appropriate level of situational awareness: "[I]n determining which services may not be exported, Home States [should] take into account factors such as whether a particular service could cause PMSC personnel to become involved in direct participation in hostilities" (Montreux Document, 2008: 21). Such an approach, as evident in United States and South African regulations to varying degrees, allows home states to restrict the export of PMSC services to states with governments recognized as having poor humanitarian and human rights records. This helps to ensure that PMSC exports do not see knowledge and skills transferred to those who would misuse them, or allow PMSCs to become complicit in supporting bad governance.

Without a doubt, the basic ingredients already exist within Canada's regulatory architecture for Canada to be consistent with the Document's good practices. In line with the above, Canada's Export and Import Permits Act (EIPA) pertains to both exported goods and the intended recipients (i.e., Canada's Export Control List and Canada's Area Control List). As well, requirements exist for individual export contracts for defence goods to be vetted by a number of government departments. In their assessments, departmental representatives are to look towards whether the recipient state poses a threat to Canada, is engaged in or threatened by hostile activity, is under UN sanctions, or has a government accused of human rights violations (Antonyshyn et al., 2009: 8; Spearin, 2004a: 8).

Canada's current regulation of human expertise in the defence domain focuses only upon services provided in conjunction with a specific piece of exported equipment. However, in terms of possible expansion, with respect to general licensing, Canada's Controlled Goods Registration Program, which comes under the EIPA, requires that certain employees of companies exporting defence goods undergo security and character assessments. Given that these persons are legally responsible for managing the vetting of personnel who handle and produce controlled goods, it also stands to reason that they could also be responsible for humanitarian and human rights vetting as per the Document's good practices. Spot checks and auditing policies could also be directed at Canadian-based PMSCs.

Such a level of diligence, however, would surely challenge how a considerable amount of Canadian defence exports have traditionally been carried out. To explain, from one stance,

the relatively small size of Canada's military and security establishment means that to gain sufficient economies of scale, export markets have long been sought by Canadian companies. This trend accelerated in the 1990s with cuts to Canadian defence spending. As such, at the end of the Cold War, the number of Canadian firms serving the procurement needs of the Department of National Defence (DND) fell by approximately 25 to 35 percent. A further 11 percent drop occurred in the late 1990s (Edgar and Haglund, 1995: 104; Conference of Defence Associations Institute, 2000: 20). The particular export market sought, not surprisingly, by Canadian firms has been the United States. These exports are facilitated by the numerous bilateral defence arrangements that have been developed since the Second World War, and the United States, as the world's preeminent military power, presents a considerable marketplace.

Exemption from regulations and sometimes the overlooking of disconnects between official government policy and US military endeavours facilitate the trade to the United States. Canadian defence exports to the United States have historically fallen outside defence export regulations. As well, while Canada did not officially support US military engagement in Vietnam in the 1960s and 1970s, or in Iraq in the 2000s, it nevertheless allowed Canadian firms to export goods that were destined to be used in those conflicts. In this vein, in the latter conflict, the Chrétien Government was upset that the Bush Administration shut Canada out of the initial round of lucrative reconstruction contracts devised for Iraq after the 2003 invasion. Similarly, the Mulroney and Martin governments both supported potentially lucrative Canadian scientific involvement in Star Wars and Ballistic Missile Defence respectively, although they were opposed to official Canadian participation.

Complicating the Canadian position today is the fact that the United States is the world's biggest consumer of PMSC services. In large part, this status relates to the US need for "boots on the ground" to fulfil the substantial manpower requirements of counterinsurgency, stability, and policing operations. Thus, the quantitative range and qualitative depth of the PMSC industry that the United States is exposed to is unprecedented. Indeed, contractors, including PMSCs, are deemed the "fifth force provider" alongside the US Army, Navy, Air Force, and Marine Corps (Cancian, 2008: 75). In recognition of this American reliance, approximately 70 to 85 percent of the world's PMSCs are based in either the United States or the UK, with an emphasis on the former. While the PMSC industry may be global in terms of the nationalities of its personnel, or the variety of locales in which it operates, the industry nevertheless has a strong US flavour.

For Canada to follow the Document's good practices, Canadian-based PMSCs, as an element of the larger trade of defence-related goods and services with the United States, would be separated as a unique element. The issue is not that Canada's defence industry would lose its American, rather than Canadian, focus; that would likely remain. The issue, rather, is that official government policy towards the United States would be the focus in a twofold manner. First, scrutiny of proposed individual contracts with United States government clients might be an avenue for opposition parties to embarrass the sitting government. This would come to the fore, should there be a political divide in terms of Canadian support for a particular US military endeavour. Second, regulation over US-oriented PMSC contracts would expose the seeming hypocrisy in instances where Canadian

businesses promote their wares with the United States even though official government policy may not be in support of US military activism. A substantial slice of Canadian-based PMSCs would be servicing a US clientele through now politicized contracts.

It is unlikely that this conundrum for Canadian policymakers will disappear quickly because American reliance on the PMSC industry will remain for several reasons. First, even with the Obama Administration's announcement in February 2009 of the pullout of US combat troops from Iraq starting in late 2010, PMSC contractor personnel will remain in order to facilitate the various security sector reform, reconstruction, and humanitarian programs. To this end, the 2008 Status of Force Agreement between the United States and Iraq specifically deals with the management and legal governance of PMSC personnel. Second, in Afghanistan, the US surge of personnel into the country, announced by President Obama in 2009, is being accompanied by a supporting surge of PMSC personnel (Cole, 2009), and the deteriorating security situation in Afghanistan has spurred higher demand for PMSC services. Third, it is likely that the United States, governed by whatever political party, will avoid the politically painful re-imposition of the draft, which would be required to project and support US military power without reliance on contractors. In short, so long as PMSCs help to make viable the efforts of the all-volunteer and overstretched US military force, Canada will see PMSCs based in its territory looking towards the lucrative US marketplace.

Future Issues, Implications, and Research

In recent years, embarrassment and controversy have catalyzed PMSC-focused regulatory endeavours in other countries (Perrin, 2008: 5; Antonyshyn, et al., 2009: 33; Cockayne, 2009: 421; Spearin, 2004a: 4). Pretoria's concerns about South African PMSC personnel working in the South Pacific, amongst other places, spurred on its 1998 Foreign Military Assistance Act, the precursor to the South African regulation noted above. The Arms to Africa affair of the late 1990s, which saw the British government first deny and then recognize its interactions with British PMSC activities in Sierra Leone, helped lead to a 2002 Green Paper on regulation. In the US, the Nisoor Square incident of 16 September 2007, which involved the deaths of at least 17 Iraqis by a US PMSC, in part spurred on the participation of the United States in the negotiations leading to the Document.

To date, Canada has had only relatively minor scrapes in terms of state-PMSC relations, which have neither created serious nor sustained calls for Canadian regulation. There were, for instance, Canadian links between financiers and mineral extraction companies involved in the Arms to Africa affair. As well, on 29 May 2007, a British IT consultant, along with his four British bodyguards from GardaWorld, was kidnapped in the Iraqi Finance Ministry, likely by the Iranian supported Mahdi Army. Only the IT consultant, Peter Moore, survived the ordeal (Mahmood, O'Kane & Grandjean, 2009: 3). The Canada connection and issues pertaining to overarching Canadian regulation, however, were underplayed, in part because GardaWorld inherited the contract during its aforementioned commercial acquisitions. Moreover, the incident has mostly been presented as a British one, framed in the larger context of the US-led invasion of Iraq. As such, the case has seen the active involvement of British Special Forces and the comment and intervention by prominent figures, such as the

US commander in theatre, General David Petraeus, and British Prime Ministers Tony Blair and Gordon Brown.

In this light, the development of Canadian regulation in line with the Document's good practices would allow the government to at least limit some of the potential for embarrassment instigated by the actions of Canadian-based PMSCs. This is an important matter because Canadian-based PMSCs may very well be the only face of Canada in certain dangerous environments and, from another stance, explicitly relying upon Canadian identifiers may provide a competitive advantage for PMSCs.⁹ Sufficient vetting, training, and monitoring regarding humanitarian and human rights obligations, therefore, would seemingly reduce the likelihood of transgressions occurring and the sully of Canada's positive image on the world stage.

Indeed, the possibility exists for there to be a greater potential for embarrassment for Canada. Canadian military personnel are increasingly working alongside PMSCs in their operations abroad. Similarly, Canadians are working for PMSCs based in other countries, such as the United States and the UK (Antonyshyn, et al., 2009: 10-11; Spearin, 2007: 29; Spearin, 2009: 494-498). In keeping with the patterns in other countries, this augments the probability of a greater Canadian PMSC presence in the marketplace with Canadians striking out on their own. This calls both for a clarification and better structuring of the relationships and responsibilities between Canadians officials and PMSCs in theatre and in the larger strategic context of Canadian policy.

It would, however, seem that following the Document's good practices in full and, in turn, pro-actively regulating before embarrassment strikes, faces several hurdles. The PMSC industry is being structured, though not intentionally, to make management, oversight, and vetting increasingly more challenging for Canadian policymakers. Additionally, such activism risks complicating and politicizing longstanding defence production and export arrangements with the United States. As a matter for further analysis, with Canada wedged between a rock and a hard place, what can Canadian policymakers do, and to what degree, in terms of embracing the Document's good practices?

At the very least, the Document should instigate, and in fact encourage, greater and sustained interactions and relationships between its signatories and PMSCs and within governments themselves (Cockayne, 2009: 427). For instance, DFAIT decisions on selection, contracting, and supervision rest with the individual diplomatic missions (Antonyshyn, et al., 2009: 20). This makes Canadian knowledge of the PMSC industry highly localized, thus inhibiting dissemination. This also limits DFAIT's ability to assess the past histories and activities of PMSCs in other countries and in other contracts. Similarly, development of a substantial government database of past and current PMSC experiences is limited by the lack of coordination on the purchase of PMSC services between DFAIT and DND. At present, the military, for its part, seems more focused on developing guidelines and doctrine for its interaction with, and usage of, unarmed contractors in support activities (Antonyshyn, et al., 2009: 22-23; Perry, 2007: 6). Overall, operating with the Document's good practices in mind would help to create a greater sense of Canada's present relations with PMSCs. It would provide Canadian policymakers with a greater sense of the globalized

⁹ For instance, for Stephan Cretier, GardaWorld's chief executive, "We're perceived differently because we're Canadian. ... It's a good flag to work under". Cited in Lamey (2007). The term, "face of Canada", is taken from Grayson (2006: 481).

PMSC industry writ-large. It would also allow government officials the opportunity to structure Canada's future relations with the industry in a more strategic manner.

Finally, although the Document's dual aim was to make plain the obligations of states concerning PMSCs and have a practical impact on policy, it nevertheless raises significant complications for how Canada currently engages a globalized PMSC industry with a distinct US character. For instance, the development of different standards for Canadian-based PMSCs working for US clients, for the sake of avoiding politicization, would suggest that Canada has a two-tiered system towards international legal obligations—one for the United States and another for everybody else. Certainly, Canada's ability to exercise due diligence to protect against humanitarian and human rights abuses would be constrained. Therefore, to help Canadian policymakers address these sorts of challenges, attention should be paid to how other Document signatories, such as Australia, Germany, and the United Kingdom, approach the Document's good practices. Although their defence industries do not have such a dominant American focus as does Canada's, these countries nevertheless are often closely involved with US military endeavours. How they balance international legal obligations, maintain good relations with the United States, and handle domestic considerations vis-à-vis the United States will be future issues to consider. Similarly, how the United States itself approaches the good practices may be equally instructive, and perhaps, might lessen some of the strains Canadian policymakers will likely confront if current circumstances remain unchanged. Because the United States has such a substantial presence in the global PMSC industry, both as a contracting state and as a client state, it has the ability to direct commercial forces in line with its policy desires. How the United States acts will inevitably impact upon Canada—another focal point for future analysis to be sure.

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ASSESSING THE SUCCESS OF THE WTO DSM: LESSONS FROM SOFTWOOD LUMBER IV

RUSSELL ALAN WILLIAMS*

Introduction

Given Canada's export dependence on American markets, Canadian trade officials have seen the creation of legal trade dispute settlement procedures in the World Trade Organization (WTO) and the North American Free Trade Agreement (NAFTA) as crucial to Canada's international economic interests. By subjecting disputes with the United States to the WTO, officials hoped to reduce the impact of the asymmetrical distribution of power between the two countries, ensuring that disputes would be resolved in accordance with the rules of international trade, rather than through bilateral negotiations driven by the relative power of the two nations—to “lock in” American policy makers in a “North American community of law” (Gotlieb, 2003: 29). Early assessment of the WTO concluded that the Dispute Settlement Mechanism (DSM) has been successful in resolving disputes. The system is viewed as a major improvement over the General Agreement on Tariffs and Trade (GATT) dispute process (Jackson, 1998; 2005; Hoekman & Kostecki, 2001; Davey, 2005). It is thought to be relatively impartial; in some cases, very small or weak states have been able to use the process to get larger states to change their policies and “judicialization” has generated increased compliance with trade rules (Zangl, 2008). Furthermore, of the hundreds of cases handled by the DSM, statistically the vast majority have been legally resolved (Davey, 2005; Iida, 2004). Indeed, the WTO DSM is often seen as a key example of the triumph of international institutions and law over power politics in recent years.¹

Based on quantitative assessment of disputes settled since the system was implemented, this analysis is compelling. Most disputes are legally resolved because states agree to end the dispute process (Davey, 2005; Gensey & Winham, 2008). Even scholars who disagree with liberal institutional arguments have accepted that the system works, but instead challenge the theoretical basis of its success. Robert Wolfe (2005) argues that the system's effectiveness is grounded not in legalization per se, but in a constructivist understanding of international law. Daniel Kono (2007) argues that the system is effective because of the extent to which it builds on the realities of anarchical power politics. Essentially, these scholars accept the reading of the dependent variable—the system successfully resolves disputes.

Despite this, there are many reasons to question the effectiveness of the system; particularly when the outcomes of individual cases are examined. Certainly it appears that in some of the higher profile cases, such as the Canada/US Softwood Lumber Dispute, and the EU/US Bananas Dispute, the WTO has seemed to be less effective. Critics have noted that the process takes too long. Responder states, found to be in violation of WTO rules, have been able to use an array of stalling tactics to bog down the process. For lack of a better term, this can be called the “cycling” problem. Basically, states in violation of a DSM Report will often alter the technique they are using to achieve the protectionism they want. By altering

* Russell Alan Williams is an assistant professor, department of political science, Memorial University. His research focuses on the impact of globalization and international political economy on public policy in Canada.

¹ See, for example, Goldstein & Martin (2000); Goldstein, Kahler, Keohane, & Slaughter (2000).

their administration of the trade barriers, these states are then in a legal position where they can argue that they have complied with a Dispute Panel Report. This strategy can significantly lengthen the process. It has also been widely noted that the final system of enforcement, WTO-approved retaliation by the complainant, is often hard to decide upon and may be ineffective (K. Anderson, 2002; Yenkon, 2006). Because of cycling problems and the ineffectiveness of enforcement mechanisms, many of the disputes are ultimately resolved through negotiated settlements involving concessions from both parties after years of WTO haggling—as has been the case in the Softwood Lumber Dispute (Zhang, 2007).

This raises a crucial point. If the criterion for defining the success of the system is whether it produces legal resolutions, then the Softwood Lumber Dispute illustrates that the WTO DSM is successful. However, if after sustained appeal to the DSM process, the substance of that agreement reflects the power disparities of the nations involved and does not result in the clear enforcement of WTO commitments, then we must question how successful the system truly is. As Iida (2004) notes, this is a basic problem with the conventional thinking about the DSM. The measure of success used does not actually evaluate whether the resolution of individual disputes has prevented states from flouting the rules and forcing their opponent into bad deals. As Iida suggests, the success of the process needs to be evaluated against more explicitly political and interpretative criteria. Without detailed analyses of individual cases, and the specific nature of the settlements themselves, it is difficult to judge whether the complainant nation has gained much of what it wanted through the use of the DSM. These concerns prompt further questioning of dominant academic and practical interpretations of success of the WTO DSM. It is possible that the mechanism is not as effective as many assume. It is quite reasonable to suspect that power is still a key driver in WTO-led negotiated settlements in specific disputes. As such, detailed case study analysis is needed to further evaluate the DSM.

This paper examines the major contemporary Canada/US trade dispute, the long-running struggle over softwood lumber (arguably the largest trade dispute in the largest trading relationship in the world), in an attempt to judge the success of the WTO DSM. The case offers an important test of the liberal institutional consensus that the WTO has contributed to a legalization of trade politics in which power is becoming less important in explaining the outcomes of trade policy (see Hudec, 1999; Goldstein, Kahler, Keohane, & Slaughter, 2000; Cohn, 2002; and Steinberg, 2002).² In fact, despite the intractability of the Softwood Lumber Dispute, and the common Canadian view that the DSM failed in this case, the process was more effective than is recognized. The process did work; the problem for Canada is that WTO rules did not unequivocally support the Canadian position. This finding suggests that, even in hard cases, the DSM is a successful arbiter of disputes. Indeed it can be argued that Lumber IV vindicates Canadian officials' optimism about the WTO DSM, but only insofar as they recognize that the ground rules regarding subsidy determination etc. are changing, and changing in ways that may ultimately be bad for Canada.

² There has been little sustained academic investigation of the WTO DSM from a Canadian perspective—strange, given Canada's aggressive use of the DSM to manage its trade relations with the United States. Generally, Canadian evaluation has fallen into one of two camps. One group of scholars, consistent with the dominant liberal institutional analysis of the WTO, suggests that the system is relatively effective, and therefore is an example of the increasing legalization of trade disputes (see, for example, Hart, 1998; 2002; Gensey & Winham, 2008). Another group of scholars, drawing on critical global political economy, has normatively questioned the way in which WTO DSM reports effectively constrain national sovereignty and impose neo-liberal policies on member states (see, for example, Shrybman, 1999; McBride, 2004; Chorev, 2005). However, neither of these approaches has systematically investigated the impact of the WTO across a series of disputes in an effort to evaluate whether or not the system actually reduces the impact of power in resolving the two countries' trade disputes.

The Origins of Lumber IV

In March 2001 the Canadian government allowed the Softwood Lumber Agreement (SLA) to expire. This 1996 Agreement had been intended to bring peace between the United States and Canada in the long-running lumber dispute through a system of Canadian voluntary export restraints (VER). Despite the fact that the agreement had normalized trade rules in the sector, and that Canadian exports to the United States continued to grow, Canada opted to end the SLA and seek free trade in lumber. Fully aware that the United States was likely to respond to the end of the treaty with punitive import duties, based on allegations that Canadian lumber was subsidized, Canadian officials believed that, ultimately, through the NAFTA and new WTO dispute settlement mechanisms, Canada would be able to force the United States to allow Canadian free access to the American market.

Background: Much Ado About Lumber

The softwood lumber dispute has been the major sore spot in Canada-US trade relations for some time. It is the sector most at odds with the liberalized trade principles that both Canada and the United States have supported over the last 30 years (G. Anderson, 2004: 663). While there are a number of practical obstacles to a resolution, such as the basic complexity of the issue, more importantly the dispute has become symbolically important to both countries.

For Canada, the lumber dispute signifies the overall effectiveness of Canadian trade policy (Doran, 1996; Harris, 2006). The basic purpose of Canadian trade policy, since the MacDonald Royal Commission in 1985, has been to guarantee that Canadian exporters secure access to the US market. Central to this goal has been Canada's support for the development of dispute resolution processes at the WTO, and elsewhere. Without an effective dispute resolution system, Canada has no mechanism to ensure that the United States respects the trade commitments it has made (Doran, 1996). Thus, these processes are seen as central to managing Canada/US relations and to Canadian economic policy. It is, therefore, not surprising that so many Canadians see the lumber dispute as a crucial test case of this strategy. At the symbolic level, Canada's failure to win the lumber dispute exemplifies the consequences of Canada's close relationship with the United States. To many, US protectionism in lumber is somehow a stab in the back, given twenty years of Canadian support for US-led North American economic integration.

The dispute is also important in the United States, as an increasingly protectionist US lumber industry has gained considerable access to the US Congress, and thus to US trade policy (Gagne, 2003). The lumber dispute is also symbolically important to the US Trade Representative's (USTR) goal of expanding the definition of what constitutes a subsidy under international trade rules (Gagne & Roch, 2008). The United States has used its countervailing and anti-dumping duties as a way to aggressively challenge policies of other nations, and to shift the content of international trade rules to support the American emphasis on reduced government involvement in the economy:

... the history and the evolution of the softwood lumber dispute must be understood primarily from the perspective of United States priorities for the development of international trade rules. ... The United States has been

determined to see the notion that state practices, such as stumpage rights, constitute unfair subsidies translated into United States and multinational trade provisions (Gagne, 2003: 340).

Indeed, Greg Anderson (2004: 663) argues that one of the reasons the softwood lumber dispute is so problematic is that it symbolizes the political challenges of the expansion of the trade regime beyond the border paradigm, beyond simply negotiating tariff rates. What the parties to this dispute have done is to ask international trade panels to referee on the appropriateness of different domestic policies regarding the management of forest industries. The dispute embodies the ambitiousness of the modern trade regime, but also illustrates why dispute settlement will be difficult as some of these disputes are likely to be intractable.

History: The Softwood Lumber Dispute and Trade Dispute Settlement Mechanisms

Prior to the 2001-2006 Lumber IV dispute, there were modern disputes in the 1980s (Lumber I and II) and again in the mid-1990s (Lumber III). Each dispute involved the use of international trade dispute settlement mechanisms. However, each was ultimately resolved via a negotiated settlement in which Canada agreed to a VER system designed to satisfy protectionist groups in the United States. The VERs ensured that Canada received stable access to the US market, free of incessant use of trade safeguards by the United States. While the goal of Canadian trade policy has been to get secure and duty-free access to the US market, in the lumber case Canada has accepted managed trade driven by direct bilateral negotiations in which the power imbalance between the two states has ensured that the United States has gotten much of what it wanted (Gagne, 1999: 68).

The basic substance of the dispute has changed little over the last 25 years. At the risk of oversimplification, the US Department of Commerce (DOC) and the US International Trade Commission (ITC), under political pressure from American lumber interests, has argued that Canada's system of stumpage, or how Canada sells the right to harvest trees on government-owned land, has acted as a subsidy, reducing the cost of Canadian lumber and increasing the Canadian share of the US market. For example, during Lumber II (1986) the DOC's position was that by setting stumpage prices too low, Canadian provincial governments (who controlled the publicly-owned forest lands) were effectively assuming part of the cost of producing lumber. This stumpage benefit was being specifically bestowed on a small number of producers—a subsidy actionable under US trade law (Gagne, 1999; Percy & Yoder, 1987). In response, the United States implemented an interim 15 percent countervailing duty (CVD) on Canadian lumber. Despite the fact that these kind of trade safeguards were common at the time, the decision was controversial because Canadian observers believed that the level of duty was politically motivated, set only to drive Canada to the negotiating table (Percy & Yoder, 1987).

Canadian officials challenged the US decision at the GATT through the old GATT DSM. However, Canada ultimately agreed to a VER system—the December 1986 Memorandum of Understanding (MOU). Canada imposed its own 15 percent export tax on lumber exports (the crucial difference being that Canada kept the resulting revenue). Also, Canada had a right to reduce the tax as changes in provincial stumpage systems were made that alleviated the need for the export tax. Canada was also required to withdraw its GATT complaint. At

the time, Canada put little faith in the GATT process, as it was notoriously ineffective (Hoekman & Kosteki, 2001; Jackson, 1998). In the absence of a more serious dispute settlement process, Canada's retreat on the issue reflected the reality of the unequal relationship between the two countries.

In hindsight, the MOU was not a particularly bad agreement. Canadian lumber exports to the United States continued to grow, and because Canada was in control of the tax on exports under the terms of the agreement, Canada opted to reduce the tax as each province increased its stumpage rates (Gagne, 1999: 72). In 1991, Canada chose to unilaterally terminate the MOU, arguing that stumpage rates were now covering forest management costs, meaning that no subsidy could be imputed (Canada, 1993).

Lumber III—The CUSFTA DSP and a Negotiated Settlement

By the time the MOU was terminated, Canada and the United States had ratified the Free Trade Agreement (CUSFTA) that, consistent with Canadian demands, contained a system of bilateral dispute resolution in which international panels were empowered to investigate trade safeguard actions, and to rule on whether they were compliant with trade obligations. This was a deal maker for Canada as finding an institutional/legal remedy for arbitrary US protectionism was the *raison d'être* of CUSFTA (Doern & Tomlin, 1991; Hart, Dymond & Robertson, 1994). Softwood lumber emerged as the highest profile test case of this system.

In response to Canada's decision to terminate the MOU, the US DOC imposed temporary duties requiring that Canadian exporters post bonds to cover the cost of duties when they became final.³ After several determinations, in which the United States lumped together various timber practices in Canada and assigned varying calculations of the benefit Canadian producers were receiving, the administration eventually imputed a 14.48 percent subsidy to Canadian exporters. As had been done during Lumber II, Canada immediately challenged both the self-initiation of a CVD investigation, and the bonding requirements at the GATT, as Canadian officials believed that these actions violated US trade law and obligations under the GATT. More importantly, Canada referred the US DOC subsidy analysis to the CUSFTA Chapter 19 bilateral Dispute Panel Mechanism for a ruling on the US case for countervailing duties. While much of the substance of this complaint has been obscured by the political heat surrounding the outcome, the case was very technical. In referring the DOC's case to a five-member CUSFTA panel, Canada argued that the DOC had incorrectly calculated whether the benefits of the Canadian stumpage system were specific and significant enough to constitute an actionable subsidy. Much of the dispute was simply about whether the DOC had done its math right in claiming that Canadian policy was a subsidy under US trade law.

A year later, when the panel issued its report, the majority (the three Canadian members) instructed the US DOC to re-examine all of its claims in its imputation of a Canadian subsidy (CUSFTA, 1993a). Both US members dissented. The US DOC re-examined its original analyses, and reiterated its earlier subsidy calculation. In December 1993, a second CUSFTA Panel decision, again splitting along national lines, ruled against the DOC's case (CUSFTA, 1993b). The United States fought the report by resorting to the CUSFTA Extraordinary Challenge Mechanism (ECM), which gave complainants the right to challenge a panel's findings if there was evidence of gross misconduct. This challenge was submitted to a panel

³ The DOC was under extreme political pressure as over sixty Senators had signed a letter to the President demanding a response, illustrating the likelihood that the United States would not obey any dispute ruling that went against it (Moyer, 1996:79-80).

of three judges agreed upon by the two countries. The United States alleged that the Canadian majority had conflicts of interest through ties to the Canadian lumber industry; allegations clearly intended to de-legitimize the process (Gagne, 1999: 79). Problematically, although the ECM Panel again found in favour of Canada, the judges split 2-1 along national lines. Upset American officials openly argued that US sovereignty was being undermined by illegitimate panels in which Canadian officials were simply voting along national lines. Gagne (1999) and Doran (1996) have argued that this illustrated a serious shortcoming with the CUSFTA (and later NAFTA) DSMs. In major cases, the United States was not willing to accept partisan bi-national panel rulings that limited the autonomy of US policy.

According to Gagne's (1999; 2003) detailed analysis of the negotiations, the United States then resorted to pressure tactics to force Canada to abandon the CUSFTA and GATT dispute processes and accept a negotiated settlement. The United States made it clear that, without a negotiated softwood lumber treaty in place, Canada would never be secure from new CVD rulings—all that was required was a new complaint from the US industry. This threat created considerable uncertainty for the Canadian industry.

The Softwood Lumber Agreement

Under the circumstances, Canada agreed to the Softwood Lumber Agreement (SLA). The SLA bound Canada to an export tariff rate quota for lumber exports from the major timber producing provinces. Under the treaty, 14.7 billion board feet of Canadian lumber could enter the US market per year without a tax. Canadian exports above this quota were subjected to a sliding-scale tax. The next 650 million board feet were subject to a \$50.00 tax per thousand board feet. Beyond this, the tax went to \$100.00 per thousand board feet. Canada also abandoned any possible NAFTA or WTO challenges to US actions over the period of the SLA, and in return, American industry groups agreed not to launch any DOC CVD investigations.

Canadians saw the SLA as a symbolic failure of Canadian trade policy to achieve secure access to the US market. The United States was not honouring the commitments it had made since 1988, and CUSFTA/NAFTA had failed in their primary goal—protection for Canadian exporters from unfair US trade safeguards. Gagne (1999) and Doran (1996) concluded that the Lumber III dispute should have been a big worry to Canadian industry, as it seemed to signal that politicization of the DOC trade safeguards system was superseding US trade commitments to Canada. In essence, the CUSFTA and NAFTA bilateral dispute settlement systems, at least in politically important cases, seemed unlikely to resolve the basic asymmetry of the Canada-US trade relationship. A few supporters of CUSFTA disagreed, arguing the process had strengthened Canada's hand (Ritchie, 1997: 212), however economic analysis suggests that the SLA was significantly restrictive of Canadian exports, so much so that third party exports (from Russia, for example) began to replace Canadian exports to the United States (G. Anderson, 2004: 685).

Neither side was happy with the agreement. The United States clearly signalled its desire not to renew the treaty when it expired in 2001. Opinions were more confused in Canada. Many lumber producers wanted to fight for real free trade and an end to US CVD harassment (Campbell, Pal & Migone, 2004: 249). Others wanted security and stability, and were more

comfortable with some form of managed trade. Ultimately, Canada decided to let the agreement die in March 2001, in large part because Canadian officials felt that Canada could fight US actions via both NAFTA and the new WTO DSM, which had strengthened the enforceability of international trade laws (Campbell, Pal & Migone, 2004).

Lumber IV

The American lumber industry filed a subsidy complaint as soon as the SLA expired, arguing that Canada was subsidizing lumber exports that should be subject to CVDs, but also, for the first time, that Canada was dumping lumber in the United States at below market value and should be subject to an anti-dumping duty (AD). The industry argued that the CVD and AD rates should exceed 40 percent. The new arguments made Lumber IV a much more complex dispute. In the final determination, the DOC set the provisional CVD at 18.79 percent and the AD to an average of 8.43 percent, equalling a total duty of about 27 percent; a rate which appeared to be politically-motivated (Gagne, 2003: 358). In May 2002, the US ITC upheld the DOC's determination and imposed the duty on Canadian exports—the highest duties to date in the sector.

The WTO and Lumber IV

While the Lumber IV dispute settlement process was underway, the two countries met several times to discuss a negotiated settlement. Canada made it clear that it planned to wait for rulings from the WTO and NAFTA panels, which it believed would support its position. However, in 2003, negotiators met to discuss a US proposal for a “SLA-plus”. While a deal was never finalized, under the package Canada would have had duty-free access to 30 percent of the US lumber market. Above that, Canada would have to impose a hefty export tax. Given that Canadian exports routinely (even under the SLA) made up more than 30 percent of the US market, the deal seemed a poor compromise. Worse yet, the deal was undone when US industry groups walked away, arguing that Canada should make even deeper concessions (CBC, 2006). Basically, without support from the DSM process (which would create incentives for the United States to come to the table in earnest) it did not seem that Canada could even hope to return to a SLA-like system.

The WTO Cases

The Lumber IV dispute settlement cases are too numerous to discuss in detail. Aside from the NAFTA cases, there were seven different Canadian complaints to the WTO. At a general level, what Canada attempted to do by pursuing the case on many different fronts, was to generate precedents which would ultimately either force the United States to comply with international trade rules, or perhaps more effectively, deny the United States the right to impose the duties under US law (confidential interviews, 2007-2008). Along these lines there were three core WTO cases, each of which reached the similar conclusion that the United States was right in theory, but that its method of calculating appropriate duties violated WTO rules. It is crucial to recognize that, while often framed as victories in the media by Canadian officials, the results were far more mixed.

In the Threat of Injury Determination Challenge (WTO/DS/277), Canada had requested that a panel investigate whether the United States had correctly calculated the level of injury Canadian exports imposed on American producers. The panel issued its final report in March 2004, finding that the level of injury imputed by the United States could not be supported by an objective and unbiased observer, and that the United States should use a different method to arrive at their measurement. In November, the United States announced its intention to comply with this report. In January 2005 it made a small adjustment to its CVD and AD rates to reflect the WTO report, and informed the WTO that it had complied with the report. Canada appealed the US compliance by asking for a new panel to investigate the US response. This panel released its report in November 2005, concluding that the United States had complied. This dispute was effectively settled in favour of the United States. This echoed an earlier sidebar dispute on Canadian bans on raw log exports. In WTO DS 194, in which Canada challenged whether such export restrictions conferred a subsidy for Canadian lumber producers, the WTO issued a report siding with the United States. Both of these cases illustrate that Canada was losing conceptual ground at the WTO during Lumber IV. The WTO often accepted the American core arguments. At the very least the United States was winning as many cases as it lost.

In the Dumping Determination Challenge (WT/DS/264), after failed consultations at the WTO, Canada requested a panel to review the US AD. This panel issued a final report in April 2004, which also accepted the US argument in theory—that Canadian forest policy might encourage dumping, but argued the methods used to determine the AD rate were inconsistent with WTO rules. Stretching out the process as long as possible, the United States appealed the case to the WTO Appellate Body. A final report was issued in August 2004, largely confirming the original panel report. Since Appellate Body reports are effectively final, the United States had until only May 2005 to bring its AD calculations into conformity with WTO rules. In late 2005, Canada requested the right to retaliate against the United States, as it had not complied with the Appellate Body ruling. Had Canada and the United States not reached a settlement, the WTO may have ruled on the appropriate form of retaliation in 2006.

In the more important Subsidy Determination Challenge (WT/DS/257), the panel investigated the US determination of subsidy and the calculation of the appropriate CVD (which was much larger than the AD). Much like Lumber III, the DOC alleged that low stumpage rates in Canada constituted a countervailing subsidy. The United States also claimed provincial laws requiring minimum harvesting rates per year for those who owned cutting rights on crown land also acted as a subsidy. However, Lumber IV involved qualitatively different legal issues than Lumber III. Rather than disputing whether the Canadian stumpage system was actionable under US law as had been the case in the past, Lumber IV reflected a hardening of the US analysis. The United States insisted that the basic Government ownership of forestlands in Canada meant that stumpage fees could be manipulated when lumber prices were low to ensure Canadian mills stayed open while American mills closed. This claim, at least on the surface, could be supported by the economic evidence (G. Anderson, 2004: 667). More ominously, the United States also insisted that it had the right to calculate a subsidy through international price comparisons—

essentially, the subsidy was equal to the difference in the cost of a tree between those sold on public land in Canada and those sold on private land in the United States. Normally, subsidy determinations had to be based on local comparables. There were also contentious disagreements over how to measure the subsidy. The United States claimed that any subsidy found in stumpage fees could automatically be fully imputed into the price of the finished product (lumber) without conducting a flow-through analysis to illustrate that this was the case. While in public, Canada challenged the basic thrust of the US argument, in practice the WTO Subsidy Determination Challenge was really fought over these technicalities in measuring subsidies.

A final report on the Subsidy Determination Challenge was issued in August 2003. The report followed a major NAFTA panel decision on the CVD that had accepted the basic theory behind the US case, but argued that the United States had improperly calculated the appropriate level of CVD.⁴ In fact, the NAFTA ruling argued that the US insistence on cross-border comparisons and the absence of a proper flow-through analyses were troubling, suggesting that the US case was deeply flawed and in violation of NAFTA commitments (Zhang, 2007: 173). The WTO's report was somewhat more ambivalent, but nonetheless suggested there were problems with the US math on the level of subsidy. As Gagne has noted, while Canadians have seen the WTO's Subsidy Determination Report as a victory, it nonetheless supported the basic US argument that Canadian public ownership of forestlands could constitute a subsidy under WTO rules.⁵ Many US observers saw the Report as a victory for the United States, not for Canada.⁶ In principle, both NAFTA and WTO reports supported the conceptual basis of the US case. Thus Lumber IV really moved from debating whether there were potential subsidies, to what the appropriate level of duties might be. This is no small point: the Lumber IV dispute reports strengthened the US case for some sort of restraint on Canadian exports.

Nonetheless, the Report required that the US DOC re-calculate, using methods that were consistent with WTO rules. In order to drag the process out as long as possible, the US appealed. The case took a further six months. In the Final Report of the Appellate Body, the US DOC was again instructed to recalculate its CVDs. The Appellate Body, however, left the door open as to whether the United States could use cross-border comparisons, suggesting that a case might be made for them if the United States could show that good private market comparison could not be found in Canada. However, the Appellate Body,

⁴ The NAFTA panel is often cited as having ruled in favour of Canada. However, unlike the earlier CUSFTA panel in Lumber III, the NAFTA panel found that Canadian lumber was subsidized, but it concluded that the US CVD (18 percent) was too high and instructed the US to recalculate (NAFTA, 2003). Under NAFTA rules, the US was legally bound to begin an administrative review of its calculations. The NAFTA case would not be fully resolved until the August 10, 2005, when an Extraordinary Challenge Panel finally ruled against a US challenge to the original panel's finding. In any event there was little reason to expect that the NAFTA case alone would resolve the dispute as the system of bi-national panels had failed during Lumber III. Observers and Canadian government officials believed that the WTO would prove the more effective forum for a hard case like softwood lumber (Howse, 1998).

⁵ Over the long term, this could prove to be very problematic, as it is possible that at some point the WTO may begin siding with the United States, providing that the US correctly applies WTO methods of calculating the subsidy. Canadian officials had been worried about this during the Uruguay Round negotiations, and had tried, in its proposals, to get resource royalty levels exempted from consideration as subsidies (Gagne, 2003).

⁶ Indeed, the basic reaction of the two sides has coloured much of the conventional thinking about the softwood lumber dispute. As Campbell, Pal and Migone (2004) illustrate, both sides claimed victory so the Report did very little to clear the air. In Canada, much of the substance of the decision was lost in a general celebration that Canada once again had won, and that this should end the dispute. However, the US had only been instructed to recalculate its duties, and had the legal right to appeal and drag the process out. Canadian insistence that the US was breaking its legal commitments was incorrect.

again echoing NAFTA, said the United States must do a proper flow-through analysis (Gagne & Roch, 2008).

In December 2004, the United States announced the results of its recalculation, mandated by NAFTA and WTO, making a minor adjustment to its original CVD determination, and informed the WTO that it had complied with the Report. Unhappy with the minor adjustment, Canada asked the WTO to establish another panel to review US compliance. Finally in August of 2005, the new panel ruled that the United States had not complied with the earlier report. The United States initially tried to appeal the new report; however the request for an appeal was rejected on December 6, 2005. The United States also made it clear that it did not intend to follow the requirements of the NAFTA report, as the WTO report was more favourable. Essentially, the United States made it clear that it would not be bound by the more unfavourable NAFTA rulings (Zhang, 2007: 200-201), echoing the failure of bilateral panels to resolve Lumber III.

At this point, having proven that the existing US CVD rate violated US WTO obligations, Canada requested that the panel determine an appropriate level of retaliation—similar to the situation that had been reached in the AD case at that time. This determination was expected in 2006. Indeed, DFAIT viewed the December 6, 2005, rejection of the US appeal as the final blow to the US case at the WTO, insisting that the rulings in both the CVD and AD cases meant that if the United States did not recalculate its duties, Canada would legally (with WTO permission) have the right to retaliate against the United States (Canada, 2005).

Throughout this lengthy process, what seemed to most inflame the Canadian side, at least at the public level, was the manner in which US trade officials framed the dispute cases. For example, after losing a NAFTA Extraordinary Challenge Case in the fall of 2005, meaning that the United States had now been instructed by both the WTO and NAFTA to recalculate and reduce its duties, the spokesperson for the USTR informed the press that, “We are, of course, disappointed with the decision, but it will have no impact on the countervailing and anti-dumping duties” (USTR, 2006). This kind of disregard solidified the Canadian view that the United States simply was not following the rules. However, the fact is that the United States did respond to the WTO DSM defeats, whether spokespeople admitted it or not.

Indeed, in December 2005, the United States was in a difficult position. If it did not recalculate its CVD and AD duties, it was likely that Canada would be given permission by the WTO to retaliate. More problematically, there was the very real possibility that Canadian exporters might be able to pursue legal action against the United States through domestic courts, now that the final WTO reports had been issued. Under US law it might be illegal for the United States to continue collecting duties while in violation of the trade agreements. Canadian officials involved in the litigation argued that the precedents set in the WTO cases—that the United States was using inappropriate subsidy measures—strengthened the possibility that Canadian producers could get some form of restitution under US domestic law (confidential interviews, 2007-2008). Indeed, the threat of these types of cases still loomed in the summer of 2006 as the two states negotiated the settlement of Lumber IV.⁷

With little fanfare, in December 2005 the US DOC announced only days after its final appeals that, through a normal Administrative Review of the case, it had recalculated the appropriate level of duty and set the new combined duty rate at 10.8 percent (which included

⁷ In fact, the US Court of International Trade in the summer of 2006 ruled that the US DOC had acted illegally in continuing to collect the duties after 2004, raising the possibility of punitive damages if Canadian exporters successfully pursued a legal solution.

a 8.7 percent CVD rate and a 2.11 percent AD rate). The new rate was a significant reduction from the initial 27 percent. The US Administrative Review also used measures theoretically allowed under WTO rules, rather than the more questionable calculations that had been used at the start of the dispute. For example, the United States abandoned its attempt to use cross-border comparisons in calculating subsidies—they could only compare the price for a Canadian tree on public land with the price of a Canadian tree on private land when calculating a potential subsidy of this type. WTO-mandated Canadian victories over technical measures, relating to “zeroing” and “flow through analyses”, were also implemented during the Administrative Review, all of which helped advance Canadian claims that the United States was overestimating the potential subsidy (confidential interviews, 2007-2008). While no one from the American side will publicly acknowledge a link between the reassessment and the collective impact of the various dispute rulings, it is hard to avoid the conclusion that the United States backed away from its more extreme claims as a result of the cases. Furthermore, the reduction of the duties ultimately helped bring both sides back to the negotiating table—both sides now had a reason to compromise.

While Canada’s position had improved over the course of the litigation, there were still problems. First, the US reduction of the duties might have undermined Canada’s remaining WTO complaints. By recalculating the duties, the United States was now in a position to argue that they were now, finally, in compliance with the original panel reports. If Canada persisted with further WTO complaints, this could take quite some time, as new panels would be required.⁸ It was also possible that the new duties might be acceptable to the WTO. Second, much like the previous disputes, Canada was particularly concerned about getting the US DOC to return the duties collected over the five years of the dispute (over US\$5 billion). While the United States had returned the duties after Lumber III, it did this conditionally on the basis that Canada agreed to a negotiated settlement. For Canadian companies this had become a more important concern than removing the current duties as they had been banking on getting the money back. Some firms had been operating at a loss throughout the dispute in hopes that when the duties were returned, the windfall would rescue their bottom line (*Canadian Press*, 2007). Thus Canadian officials opted to seek negotiations for a long-term settlement and a return of the duties rather than to continue pursuing the retaliation option at the WTO. However, Canadian officials entered the negotiations on a stronger footing, in part because the US Administrative Review had reduced the duties, but also indirectly, because the dispute cases illustrated that the United States had improperly calculated the appropriate level of duty, making it possible that under US domestic law the duties would have to be returned.⁹ The United States had wanted a negotiated settlement throughout the dispute; however US industry groups had been happy with the high duties that had seriously reduced Canadian exports to the United States. The reduction of those duties undoubtedly increased interest in a settlement. In the spring of 2006, both countries returned to the 2003 proposed settlement and began to negotiate in earnest.

⁸ It is this kind of circularity in the WTO process, the ability of responders to make last minute concessions and thereby restart the entire process, that has been used most effectively by responders to stall major trade disputes.

⁹ Canadian firms were simultaneously pursuing this issue through the US courts in the Tembec Case, in which a ruling was expected sometime in 2006 (US, online). However, the point here is that the WTO-required Administrative Review illustrated that the 27 percent duties had been inappropriate, increasing the likelihood that US courts would insist that the duties be returned.

The Settlement of Lumber IV

Canada and the United States agreed to a basic framework for a new SLA in April 2006. Under the terms of the (exceedingly complex) treaty, there was free trade in lumber when prices were high—above US\$355 per 1,000 board feet. If prices dropped, or Canadian exports surged, a system of quotas and export taxes would kick in. The level of export restraint of these measures would increase the lower prices went. Controversially, Canada agreed to forfeit 20 percent of the five billion dollars in duties owed to Canadian exporters.¹⁰ Furthermore, all parties to the deal agreed to withdraw all litigation and dispute settlement cases that had been initiated prior to the agreement coming into force. For Canada, this meant that it would have to notify the WTO that the dispute was settled, abandoning its cases there. In fact, the signing of the final text was conducted at the WTO's Geneva offices. The agreement was to run for seven to nine years, depending on whether the two countries exercised an option to extend the agreement. However, at the last minute the United States also insisted on escape clause in the final text. After two years either party could terminate the agreement, but could not launch any trade action (such as a CVD investigation) for another year. This termination clause was particularly controversial, as it appeared that Canada was not getting one of the major goals of a negotiated settlement—lumber peace. Canada was really only ensured three years of protection from further use of trade safeguards by the United States. This was particularly worrisome to firms in Canada, already upset that 100 percent of the duties were not being returned (LeBlanc, 2006). The clause came close to undoing the deal as industry groups in Quebec and BC both threatened to walk out on the final deal, undermining Canadian support. The Harper government opted to go ahead despite opposition.

In terms of assessing the agreement, while many saw the new treaty as a Canadian defeat, focusing on the loss of part of the duties and the American escape clause, the deal might have been a very good one for Canada. At the time, at least at a broadly general level, the agreement was much better than anything Canada had been offered over the previous five years (Zhang, 2007: 235-236). The effective tariff rate of the agreement was actually lower than the existing duties in the spring of 2006. Much depended on what the price for lumber would be over the term of the agreement. For example, it was possible that the agreement would provide for largely free trade in lumber if average prices remained near the high levels they were under the old SLA. Had the bottom not dropped out of the US housing market and prices taken a precipitous tumble, Canada might have won a very good agreement under the circumstances. Indeed, that seems to be the opinion in the US DOC. After the first year of the agreement, despite low prices, Canadian exports grew. The United States launched a series of formal complaints that Canada's quota was being exceeded. While the deal's opponents see this as proof it does not guarantee peace, what it really illustrates is that under the new treaty Canadian exports were growing and US producers were not happy about it.

¹⁰ Details of the deal were difficult to finalize, in part because the Canadian package would have to pass through Parliament—a vote was necessary to implement the export tax. There was some potential that the minority Conservative Government might result in defeat of the tax, so the government worked hard throughout the summer of 2006 to sell the deal. To encourage support, the new Conservative Minister of International Trade, David Emerson, promised companies that he would find some way to speed the return of the duties (Chase, 2006). Emerson even hinted that the Canadian government might advance the funds, illustrating the degree to which the return of the duties was a dealmaker from the Canadian side.

Interpreting the Effectiveness of the WTO DSM

While Canadian trade officials have seen the development of the CUSFTA, NAFTA and WTO dispute settlement systems as vital to Canada's ability to manage its trade relations and economic disputes with the United States, the public, the media and Canadian industry have been harder to convince. Basically, many believe that Canada has won its lumber disputes via these mechanisms, but conclude that the mechanisms themselves have failed, as the United States has refused to adhere to the rules.¹¹ The lumber dispute is seen as an indictment of liberal optimism about the scope for international trade rules to adjudicate economic disputes and to reduce the role of power in international political economy. Even academic analysis, which suggests that the WTO DSM is effective, argues that the lumber case is an exception to this pattern (G. Anderson, 2006). The truth however is less clear. While opinions on the outcome of Lumber IV vary, even from the perspective of those who see the final treaty as a bad one for Canada, it is hard to argue that the DSM was not successful or effective in particular in relation to NAFTA's bilateral panel system.

From the perspective of those who support the current goals of Canadian trade policy and the WTO, this paper offers two supporting insights from Lumber IV. First, at a general level Canadians who expected the WTO to simply and quickly strike down US lumber actions have set the bar too high in judging the effectiveness of the WTO DSM. In public, Canadian industry participants and officials have expected the WTO to force the United States to abandon its trade safeguards, even though the United States has never agreed to the principle of free trade in regards to Canadian lumber. Under international trade law, the United States is entitled to the due process outlined by the WTO DSM in regards to their use of trade remedies. Indeed, consistent with Canadian goals, the WTO process has helped to arbitrate Canada/US disputes. In Lumber IV, unlike Lumber III, the United States followed the rules: the United States acted in accordance with its WTO commitments. Canada's bargaining position was improved by WTO findings against the United States' math, and Canada achieved a reasonable treaty under adverse circumstances. Indeed, the United States has sought a VER system precisely because it is legal under WTO rules, while ignoring its trade obligations and imposing CVDs and ADS that have been successfully challenged at the WTO, is not. This in itself suggests that the WTO DSM, even in tough cases, works.

Second, and more importantly from the Canadian perspective, it again seems apparent in this case that the United States is more likely to comply with WTO rulings than with NAFTA rulings. The irony from the Canadian perspective is that while NAFTA rulings were more favourable to Canada, they were not as effective. While the WTO's rulings seem more effective, the WTO was more sympathetic to the American case. The WTO was clearly moving towards recognition that there was some level of actionable Canadian subsidy in lumber. However, the fact that WTO rules were not fully supportive of Canada does not mean that the dispute settlement process does not work—it simply suggests that Canada is not unequivocally in the right on the lumber case.

Despite the fact that the DSM has been more effective than is commonly recognized in the lumber case, there is a need for a great deal of caution. As several observers have noted, Canadian officials have approached the DSM as if they have nothing to lose. The problem for Canada is that international trade rules increasingly support the US view that Canada's

¹¹ See, for example, the special coverage in *The Globe and Mail*, July 11, 2006 on this question.

forest management system can act as a subsidy to Canadian exports. In the Lumber IV case, the United States has now had that principle recognized. As such, without significant changes in domestic policy, Canada may have to always accept some form of managed trade in lumber. In the absence of a VER system, at some point US DOC officials and WTO panels will agree on a reasonable level of duty, given the level of subsidy in Canada. In this sense, the current treaty should be seen as a victory for Canada. Essentially, the point here is that the DSM process has cost Canada a principle it never wished to concede in the past.

Ominously for Canada, conceding the principle that public ownership of forests might be a subsidy could have far reaching impacts if the United States were to gain greater latitude in how it is allowed to calculate subsidies, something the Doha negotiations had promised to provide. One of the major victories in this case was that the WTO would not allow the United States to calculate subsidies using cross-border comparisons without more evidence from the United States that national comparisons were not viable (Gagne & Roch, 2008). However, the draft proposals of the new Agreement on Subsidies and Countervailing Measures, released by the WTO during Doha, contained a EU/US proposal that would allow cross-border comparisons in subsidy cases where publicly regulated prices distort the local market, thus making it difficult to find national comparisons.¹² If this were ever agreed to, it would mean that the United States would have the right to compare Canadian public stumpage rates directly with private stumpage rates in the United States, and there is little doubt that on this basis a subsidy determination would be considerable. Combined with the precedents set in the Lumber cases, this could also apply to a host of Canadian industries that benefit from publicly regulated inputs in production, e.g., inputs regulated by agricultural marketing boards or from public energy utilities. Essentially, the Doha negotiations threatened to put substance behind what the United States won in principle during Lumber IV—that publicly regulated prices confer a subsidy, and that measuring that subsidy could involve cross-border comparisons.

However, the fact that Canadian officials may ultimately prove to have been overly-optimistic about the benefits of the DSM in the lumber case does not mean that the system is not effective or successful within the criteria set by WTO DSM supporters. It simply means that the content of trade law is changing in ways that may hurt the exports of Canadian resource producers.

Despite the broad view that the DSM has failed in a controversial case like the softwood lumber dispute, a closer examination of the process of the case, the substance of the reports, and the subsequent behaviour of the two states suggests that, even in hard cases, the DSM is working reasonably well. While the process is slow, complicated, and normally results in a negotiated settlement, in this case, that settlement was reflective of WTO rules. This seems to support the optimistic view that the DSM is adjudicating trade disputes to the benefit of weaker members of the trade regime.

¹² See Section 14.1.D of the text: http://www.wto.org/english/news_e/news07_e/rules_draft_text_nov07_e.htm

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MAGAZINES, MINISTERS AND “MONOCULTURE”: THE CANADA-UNITED STATES DISPUTE OVER “SPLIT RUN” MAGAZINES IN THE 1990S

JOHN STEWART*

In my twenty years of work in the Canada-United States intergovernmental relationship, the most serious dispute I have witnessed, in both length and bitterness, was a prolonged battle over the Canadian market for magazine advertising. A round had been fought decades before I joined the United States Embassy in Ottawa as an economist in 1990, and the phase in which I participated stretched from mid-1993 to mid-1999, consuming an incredible amount of reporters' ink and diplomatic goodwill—although the commercial stakes were tiny.

That the dispute lasted so long is no surprise since international disputes tend to be persistent. Other questions are more puzzling. Why did it so dominate news and perceptions of the relationship during the late 1990s? Why did intergovernmental relations during its height in 1998-99 become so uncharacteristically strained? Why did the widely perceived war over cultural policy between Canada and the United States melt away once the magazine dispute was over? What lessons can the foreign policy community learn from this episode? This article summarizes the history of the dispute and answers these questions.

Some of my colleagues at United States Embassy Ottawa used the term “non-Americanism” to denote a peculiarly Canadian political-emotional response: not exactly prejudice against Americans (which they have experienced), but more precisely the will to be different from them. English-speaking Canada's roots among refugees from the American Revolutionary War ingrained views that the new United States of America was violent, disrespectful of authority, and socially flawed. The American Civil War of the 1860s reinforced these views. These circumstances helped drive Canadians to want to build a deliberately non-American culture. Following the Second World War, US influences seemed overwhelming to Canadians, who established a wide range of government measures to roll back US corporate and media hegemony, including many measures in the arts, publishing, film, and broadcasting.

Keith Acheson and Christopher Maule (1999) have described and analyzed the history of Canadian magazine policy and the dispute up to early 1999 (shortly before the dispute was resolved). The fight was over split-run magazine editions that used editorial content developed in the United States, but included ads aimed at readers in Canada. As a result of a Royal Commission on Publications in the early 1960s, Canada implemented measures intended to divert more advertising revenue to Canadian-owned periodicals. While these measures put an end to most split runs by the mid-1960s, the two largest such magazines—*Time* and *Reader's Digest*—were exempted.

By the 1980s Canada's so-called cultural industries had accrued a large number of vested interests and supporters in the arts, entertainment, and media fields. The pro-market Progressive Conservative government, led by Prime Minister Brian Mulroney (1984-93), chose to leave existing cultural policies largely intact. The Canada-United States Free Trade

* John Stewart is a Canadian who has worked with the Embassy of the United States in Ottawa since 1990. He was Economic Specialist until 2008 and is now Supervisor of the Financial Management Centre. John is also currently Vice President of the Ottawa Community Immigrant Services Organization (OCISO). The views expressed are those of the author and do not necessarily reflect those of the Embassy or the Department of State.

Agreement (FTA) of the late 1980s included an exemption clause allowing Canada to continue measures to protect and subsidize a wide range of activities that were defined as cultural. This exemption was carried over into the North American Free Trade Agreement (NAFTA) in 1993. The United States retained the right to take measures of equivalent commercial effect if its industries were disadvantaged by a Canadian measure that, if not for the cultural exemption, would have been disallowed by the Agreements.¹

While allowing the cultural exemption was a concession by the United States, it made it politically easier for Canada to join general free trade arrangements that applied to other goods, and thus helped to cement broader, positive economic relationships within North America.

There were three measures that kept split runs (other than those grandfathered) out of Canada from the 1960s until the mid-1990s. First, there was a ban on importing physical printed copies of a split-run magazine into Canada. Second, advertisers benefited from an income tax deduction against the cost of ads they bought in Canadian magazines, but not for ads they bought in non-Canadian magazines. Third, there was a postal subsidy: Canada Post delivered Canadian magazines at cheap rates.

By 1993, a Canadian split run, which was edited in New York, no longer had to be printed in the United States and physically trucked across the border; it could be transmitted digitally to a Canadian printing plant and then printed and distributed within Canada. While this did not change the disadvantages conferred by the postal subsidy or the income tax differential, it did get around the import ban at the border.

Time, the company that owned *Sports Illustrated* (SI), a US general-interest sports magazine, which did not have an equivalent in the Canadian market, produced six trial issues of an SI split run in this way during 1993. This was generally viewed as a test of Canada's magazine policy. Canada responded by creating a task force, which recommended that existing split runs be allowed to publish the same number of issues annually in future years as they had done in 1993. Other new split runs would be kept out of the market by an 80 percent excise tax on the value of ads sold in each issue. This meant that, in effect, *Sports Illustrated Canada* would be limited in future to six issues annually. However, Time had planned a dozen SI Canada issues for 1994 and wanted to increase it to a weekly. Canadian magazine publishers, on the other hand, wanted SI Canada cut off completely.

After lengthy deliberation in 1994, Canada prepared legislation that gave Canadian magazine publishers what they wanted. SI Canada would be shut down, using the excise tax device. The bill continued the grandfathering of the two long-established split runs that had been in existence a week prior to SI Canada's first issue. This bill, C-103, passed the House of Commons in November 1995.

However, Bill C-103 had a problem: Time's publication of those six issues had conformed to Canadian laws and regulations that were in force at the time, as did Time's plans to publish more than six issues per year. Now, in late 1995, Parliament was considering a bill that would step in and change the rules, making that business plan (and any sunk investments that had gone into it) non-viable after the fact. Moreover, the bill targeted a single company—this was clear from the dating in the grandfather clause.

¹ This right to retaliate has never been tested.

On March 11, 1996, the United States formally complained about Canada's magazine policies to the Dispute Settlement Body of the World Trade Organization (WTO). Canada lost, and on appeal, lost again. The 80 percent excise tax was not consistent with Canada's multilateral trade commitments. Moreover, the border import ban and the postal rate subsidy were also found to be WTO-inconsistent—the first by both panels, the second only on appeal WTO (1997a; 1997b).² Canada had until October 1998 to reform its anti-split-run measures. This fifteen-month period was a long wait for those on the US side of the dispute.

Within Canada, international trade lawyers were early and thorough critics of the government's approach, in which they saw a variety of defects. Writing in his column in *The Financial Post* newspaper, Samuel Slutsky (1997) observed that anti-dumping law—which provides for remedies against imports that are being sold below their cost of production, or below the price at which they are sold in the country of production—would have been a better instrument to use. While the concept of dumping really applied to trade in goods, and there were no cases of its being applied to a product with near-zero marginal costs (as in the case of advertising), Slutsky argued that this approach was, nonetheless, a legal option for the Canadian government.

Slutsky and other lawyers noted another flaw of C-103: it violated basic principles of tax law, since taxpayers could not gauge their tax liability in advance. Trade law expert, Dennis Browne, later warned Canada's Senate that the US legal case throughout the dispute was strengthened by the fact that Canada's intention was clearly to exclude US magazines. Canada's approach, he said, was a good example of how not to go about fostering cultural expression (Canada, 1999a). Professor Jamie Cameron of Osgoode Hall Law School told Senators that "C-55's violations of expressive freedom and freedom of the press are neither trivial nor insubstantial" and that they might not withstand Charter of Rights challenges (Canada, 1999b).³

My colleagues in the United States Government recognized and accepted that Canada had obtained an exemption for its cultural industries in the FTA and NAFTA. The United States Government took no issue with Canada concerning cultural identity, and its purpose was not to challenge Canada's ability to identify Canada to Canadians. Understandably, there were also broader views on the US side about political freedom. When governments own news organizations, and when government policies attempt systematically to shape media content, it is fair to suggest that risks to democracy are likely to exist. However, just as they accepted the cultural exemption clause in the FTA, my colleagues accepted these features of Canadian society and left them out of the bilateral discussion.

Rather, my American colleagues were focused on trade rules to which both of our countries had signed and were committed. What means could legitimately be followed to get to the "cultural" end? What measures plausibly did something to support culture, and which were simply favouring some commercial enterprises over others? The Canadian government's view was, in effect, that anything that favoured Canadian media and entertainment companies should be encouraged—an extension of Canada's nation-building, institution-creating tradition. However, in the minds of my trade policy colleagues, protectionist impulses of this kind were to be expected and countries signed trade agreements

² See also the WTO (nd). *Secretariat's Summary of the dispute to date*.

³ C-55 was introduced in 1998 to replace C-103.

precisely in order to restrain them. If Canadians wanted to promote their culture, they should focus on nurturing creative products, rather than companies.⁴

During May 1998, while we waited for Canada to reform its magazine policies in order to bring them into line with the previous year's WTO panel reports, a policy memo titled "Coping with Culture" circulated through our offices.⁵ It argued that, while the United States had to continue its efforts to change or mitigate specific Canadian policies, it might also benefit from finding ways to engage the Canadians constructively on cultural policy issues. Suggested steps included developing a public message, talking to broader Canadian audiences, expanding contacts among stakeholders on both sides, and opening up discussions on how to approach new media like the internet.

On June 2, while we were digesting these thoughts, Canadian Heritage Minister Sheila Copps—the mid-to-senior-level cabinet minister responsible for cultural industries—announced that she would host an international meeting on cultural policy at the end of June in Ottawa. Ministers from some twenty like-minded countries were invited, but the United States was not. This was billed as a follow-up to a UNESCO conference in March at which Minister Copps had decried the "Americanization of the world". The US Embassy requested observer status at an advance roundtable discussion on international culture that was to be held in Ottawa on June 12, but we received no timely reply. Ambassador Giffin was, at the last minute, offered the opportunity to attend but without the right to speak, and given those conditions, he declined. Our sense after the meeting was that it did not yield the level of international support for which Canada had hoped. Most participants were willing to agree that cultural products were somewhat different from other traded commodities, but they were not ready to agree that different trade rules should therefore apply. Perhaps, understandably, given its unusually direct exposure to US media, English-speaking Canada seemed to be unique in the strength of its feelings about the cultural influence of the United States.

During July, the Association of Canadian Advertisers (ACA)—which represented a far broader set of industries than magazine publishers—complained both privately to the US Embassy and publicly in a letter to Minister Copps that Canadian Heritage ministry officials "worked uniquely with the Canadian magazine publishing industry in developing policy proposals" (private interview). The ACA's Ron Lund later told the House of Commons Standing Committee on Canadian Heritage that a key magazine industry leader, Telemedia President François de Gaspé Beaubien, had assured the ACA that they would be involved, but that they received information late. When ACA complained about the direction of government policy, they were told by de Gaspé Beaubien that "the train had left the station". Lund said, "on at least three occasions, de Gaspé Beaubien said that he was not allowed by the government to share information with us" (Canada, 1998).⁶

The ACA said Canadian Heritage staffers had admitted that the measures being developed by the government would not increase the amount of Canadian content in magazines.

⁴ This leaves aside the argument made by Dennis Browne, the Association of Canadian Advertisers, Time, and others that Canada's magazine protections were not actually effective in promoting the health of Canadian magazines. We return to this point later.

⁵ This paper originated in the Economic and Business Bureau (EB) of the State Department in Washington. EB tended to take a more rounded and thoughtful view of international trade policy than the more adversarial positions that were characteristic of the lawyer-dominated Office of the US Trade Representative (USTR).

⁶ International trade lawyer, Clifford Sosnow, added, "when we met with department officials and we asked to be a constructive voice in the development of proposals, we were specifically informed that the government had a special relationship with the Canadian magazine industry and therefore there would be certain information that would be provided to the magazine industry and a certain closeness in relationship to the magazine industry that would not be afforded to advertisers in this process."

Protection, the ACA said, had prevented the healthy growth of the magazine industry by blocking a range of innovations, which had occurred in other countries, to the point that the Canadian magazine industry was slowly losing its share of the Canadian media market. Canadian general magazines drew only about four percent of all Canadian advertising spending in 1996, versus about nine percent for US magazines in the United States, and a number of major readerships were simply not being served (the lack of a Canadian equivalent to *Sports Illustrated* being one example).

Around this time, Canadian Heritage commissioned a consultant's report, which I never saw and which was never made public, but which (according to newspaper reports) said that as many as eighty US magazines were "poised to flood the Canadian market," twenty of them within two years and the rest within five years (*The Montreal Gazette*, 1998).⁷ The effect of this news was to support the impression in Canada that US media interests were virtually lined up along the border, waiting to invade as soon as Canada's anti-split-run measures were torn down. This was not borne out, not by US firms' commercial interest at the time or by changes in the market later. A Time executive told me: "Nobody is lined up at the border, especially not with the Canadian dollar this low. Canada is the only market I've seen with so many magazines given away free to the consumer. There's no reader commitment. More competition might actually help to grow the pie" (personal conversation).

On July 28, 1998, a senior Canadian trade official briefed the Embassy on the new approach—replacing C-103—that the Government would announce the next day. Canada planned to repeal the 80 percent excise tax on advertising in split runs, remove the prohibition on imports, and equalize the postal rates paid by foreign and domestic publishers (paying a subsidy directly to Canadian firms instead). At the same time, Canada planned to introduce a bill within a few months to prohibit foreign magazine publishers from selling advertising services specifically directed at the Canadian market. In other words, Canada planned to follow the letter of what the WTO had told it to do, but it would introduce new measures that would redefine advertising in magazines as a service, thus hopefully putting it beyond the reach of the WTO. In essence, Canada was trying a jurisdictional dodge.

The next day, July 29, Canadian Heritage Minister Copps and International Trade Minister Sergio Marchi announced the government's plan at a press conference in the Toronto area. Their general theme was that the government was standing up for Canada while also playing by the international rules. The ministers' rhetoric indicated that the dispute would likely run for months to come, and perhaps go through another cycle of WTO dispute settlement. One of my colleagues noted that she had hitherto refused to believe that Canada would deliberately drive our two countries into another round of the dispute at the WTO. She had made someone in Washington a bet that Canada would choose a more balanced outcome, likely one based on a tax deduction scheme, which would have left some room for split-run magazines to operate in the Canadian market, and allowed for greater competition. She admitted she had lost the bet.

While the reaction of the United States to the Copps-Marchi press conference was negative, during the late summer and early fall of 1998, while waiting for Canada's legislation to be unveiled, we kept quiet in hopes of lowering the temperature in the dispute. The perception of a clash between culture and trade had reverberations beyond Canada,

⁷ One insightful columnist, Andrew Coyne (1998), later pointed out that exaggerating the commercial threat from US magazines supported US firms' claims that they had been damaged by Canada's actions—and thus inadvertently bolstered the US case for trade retaliation.

particularly in France and other countries in the European Union, where questions of cultural integrity and preservation were also sensitive. Trade in audio-visual products (music and film) was an important area of US-European friction at the time, so the outcome of the comparatively small US-Canada magazine dispute might well affect bigger stakes in audio-visual trade with Europe.

How to enforce WTO dispute settlement—notably in a long-running dispute with the EU over bananas—was also a key question for US trade officials and political leaders at the time. Letting any trading partner off easily in a WTO dispute risked degrading the new WTO system, which was the result of years of multilateral trade policy effort. As one of my senior Embassy colleagues pointed out, the Office of the US Trade Representative (USTR) was up in arms in the wake of their magazine victory because twice in recent history with major trading partners, they had won their case on legal merits, but then they could not get any restitution. At the same time, many on the US side understood the delicacy of the international trade-and-culture debate, and they wanted to soften the United States' approach and image by being seen to be engaging in it (Garten, 1998).⁸

On October 8, 1998, the Government of Canada introduced Bill C-55, the *Foreign Publishers Advertising Services Act*, in Parliament. C-55 would ban, on pain of criminal penalties, the sale of ads aimed at Canadians by magazines with editorial content similar to their non-Canadian originals. C-55 was poorly conceived from the standpoint of trade law and policy. Legally, there was considerable doubt that the WTO would accept the “services” defence. In terms of policy, with split runs banned, the demand for non-split-run US magazines would be larger. Moreover, founding the policy on an ownership rule was problematic in various ways. A Canadian magazine could, for example, specialize in covering the Hollywood entertainment industry, and yet be supported by C-55 because it was Canadian-owned. There was no demonstrated link between the market share of Canadian-owned magazines and the strength of Canadian culture (Schwanen, 1998). The US Ambassador to Canada, Gordon D. Giffin, voiced the US viewpoint in a speech at a Canadian Club lunch on November 4. C-55's criminal dimension, he observed, made it demonstrably more restrictive than what it replaced—contrary to the direction in which Canada was committed to work in the WTO.

Still, most Canadians failed to appreciate this core trade law motive, and insisted on interpreting the US position as being driven purely by commercial motives. On November 17, Minister Copps clashed with Reform Party Members of Parliament in a committee meeting, saying “the only opponents to the legislation tend to be American companies” and that it was “sad that a Canadian party is more interested in speaking out for its American bosses than it is for Canada”. She said Canada faced a perennial choice of “the state or the United States” and that non-American cultural identities were threatened by a global “monoculture” (Canada, 1998).⁹

During November, USTR began identifying categories of Canadian exports on which the United States might place tariffs in retaliation for C-55's being implemented. I participated in this analysis, focusing on exports from the province of Ontario, where Canada's Liberal Party government was based. We determined that steel products were the most logical

⁸ Jeffrey Garten was Undersecretary of Commerce in the Clinton Administration.

⁹ My American friends found Copps' repeated characterization of US media and entertainment as the vanguard of a monoculture to be quite offensive. They believed that their nation's rich popular culture was built in conditions of admirable political and religious freedom by immigrants from scores of countries, and was deservedly one of its great successes. America was, in their view and mine, an unlikely country to be characterized as a monoculture.

retaliation targets. One of Canada's largest steel producers was based in Minister Copps' home town of Hamilton, Ontario, promising that our threat of retaliation would have some political effect on the person who seemed to be most active in driving the dispute.

Meanwhile, Ambassador Gordon Giffin sought common ground. On November 25, he told a newspaper, "I expressed an interest to a number of representatives of the Canadian government . . . to try to work through this issue to show that an issue that has been contentious over the years is one that we can work through and find a mutually satisfactory resolution. My offer wasn't taken up." He also stressed that the United States did not object to the fostering of Canadian culture, and noted that it was troubling that Copps had not invited a US representative to her conference of ministers of culture a few months earlier. "If we want to maintain a civil dialogue about how we resolve some of our differences, it is probably necessary to invite us to the discussions" (*National Post*, 1998).¹⁰ During the dispute, Ambassador Giffin constantly offered his personal efforts to work toward finding a solution.

Nobody in Copps' office was willing to budge. The Minister clearly did not want to be seen to be making any move that might be seen as a concession—not even meeting with the Ambassador. In my view, this was primarily because large Canadian magazine publishers, who apparently were her main source of policy advice, were not interested in considering the most reasonable alternative solution to C-55, which was a subsidy-based regime, because subsidies might not be durable: subsidies could be reduced at any time, unlike a regime such as the one that C-55 would have cast permanently into law. Canadian magazine publishers were indifferent to the threat of sanctions against other industries, regardless of their economic weight, so the risk of retaliation would not alter their stance.

In late November two key Canadian magazine industry executives, Telemedia's François de Gaspé Beaubien and Maclean Hunter's John Tory called on Ambassador Giffin in his office to discuss Bill C-55. I witnessed this cordial but unproductive visit from start to finish. The next day in the Parliament Buildings, I overheard de Gaspé Beaubien telling a circle of listeners, "the US Ambassador tore a strip off me yesterday". A few days later, de Gaspé Beaubien wrote letters calling for C-55 to go forward, letters that the Ambassador believed implicitly denied their face-to-face discussion altogether.

Similarly, on November 28, when International Trade Minister Sergio Marchi was quoted making conciliatory remarks that seemingly inched away from Copps' "C-55 or nothing" position, *The Toronto Star* lashed out at both Minister Marchi and Ambassador Giffin:

Not only is Marchi undermining a cabinet colleague, he is squandering Canada's bargaining power. . . . It was . . . clear to anyone familiar with tactics the United States uses to penetrate global cultural markets that the Americans would put intense pressure on Ottawa to abandon—or at least rewrite—its magazine bill. US Ambassador Gordon Giffin wasn't even subtle about it. He delivered a hard-hitting speech to the Canadian Club warning that Ottawa was inviting trade retaliation with its "protectionist attitudes". He boasted to journalists that he had lobbied cabinet ministers to rethink the magazine policy and won some sympathizers. Now we know who bought his sales pitch (*The Toronto Star*, 1998).

¹⁰ Canada's excuse for excluding the United States from the International Meeting on Cultural Policy in June 1998 was that the United States did not have a culture minister, so there was none to invite. Normally one invites countries, not individuals, to an international meeting, and it is up to the invited countries to decide whom to send. The June 1998 meeting was Minister Copps' own initiative and it was specifically directed at limiting the influence of the United States. The point is not that excluding the United States was necessarily wrong, only that the excuse was fake.

By the *Star's* telling, the Ambassador's polite and moderate presentation of the position of the United States at a Canadian Club lunch was a hard-hitting retaliation threat. His mention of his efforts to encourage dialogue was a boast to journalists. Minister Marchi—who would have to defend C-55 at the WTO and elsewhere in international trade circles, and whose Department had so much interest in finding a reasonable resolution to the dispute—was not showing much-needed moderation but, rather, had caved in and bought a sales pitch.

It is fair to conclude that players in the Canadian media establishment, whether they were posing as commentators or as advocates, wilfully and repeatedly misrepresented the Ambassador's efforts. As Ambassador Giffin pointed out repeatedly, a meeting was a necessity: it made no sense for two governments to converse through the national media. The reaction from Minister Copps' staff continued to be that they were not interested unless the Ambassador had new proposals to offer.¹¹ Meanwhile C-55's lead advocates hardened their nationalist rhetoric, associating any dialogue with a loss of sovereignty. "This is our right, as a country, to make legislation, and we intend to go forward with it," Minister Copps' spokesperson said (*The Globe and Mail*, 1999a). "If Canada ever backed down, it would mean that Washington basically dictates everything we do," Francois de Gaspé Beaubien said. "Is that how we are going to run our country?" (*The Globe and Mail*, 1999b).

Only the bad-cop side of the US approach—the threat of retaliation against Canadian industries such as steel, plastics and textiles—was having any political effect. Government caucus members began to state openly their intention to abstain from voting on the bill (Baxter, 1999).

Days before the House of Commons was set to resume, on February 1, the Canadian side agreed to schedule talks for February 5 and to delay consideration of C-55 in the meanwhile. The United States was unlikely to go ahead with retaliation while talks were ongoing, and in this relative calm, the Canadian government introduced an amendment to C-55 that allowed the Cabinet to decide when to implement the law (whereas most laws come into force immediately upon receiving royal assent). This amendment had the effect of reinforcing the truce.

On March 9, in a Cabinet meeting on the issue, according to media reports, Prime Minister Chrétien heard the cases for and against moving ahead with Bill C-55. Minister Copps argued for proceeding. Her opponents were the Canadian Ambassador to the United States, Raymond Chrétien, and the Prime Minister's senior policy advisor, Eddie Goldenberg, who hoped C-55 could be stalled where it then rested, in a Commons committee. The result of the meeting, however, was that Chrétien approved C-55's going forward (Winsor, 1999).

Minister Copps continued to resist the bilateral talks. Presenting C-55 for third and final reading on March 12, she told the House of Commons: "No democratically elected country would allow itself to be blackmailed into submission. . . . To do nothing would be to lie down to a schoolyard bully . . . to say, 'might means right'" (*The Globe and Mail*, 1999e). When C-55 passed the House of Commons on March 15, International Trade Minister Sergio Marchi missed the third-reading vote, which was seen as confirming his reluctance about the bill.

¹¹ Ambassador Giffin told the press: "She keeps saying she's willing to listen to proposals I might have, and I keep saying I'm willing to meet to talk about things, and somehow we need to find a way to get those statements to merge. . . . I can't believe that our governments cannot successfully hold good-faith discussions on this subject." Typically, a major Canadian newspaper reported this statement under the headline, "US envoy fires back in escalating war of words" (*The Globe and Mail*, 1999c), and "No 'silver bullet' for C-55, US says," (*The Globe and Mail*, 1999d).

After several rounds of very discreet talks in May, the two countries reached a settlement that allowed split-run magazines into the Canadian market on limited terms. Split runs could be exempted from C-55 if they earned no more than 12 percent of their advertising revenues from ads directed at Canadian readers, and this percentage was to be allowed to rise to 18 percent over a three-year period. The bill's definition of Canadian ownership was relaxed from 75 percent to more than half. The measures that had been ruled WTO-inconsistent (discriminatory postal rates and the ban at the border) were gone. Canada would introduce a system of direct subsidies to the magazine industry. Canada would transfer responsibility for reviewing prospective foreign investments in cultural industries from Industry Canada to the Canadian Heritage ministry. This transfer of investment review authority appeared to be the only gain the Minister had achieved by pushing the dispute to such lengths, since contrary to her vows, C-55 was going to be modified substantially.

Following the settlement in June 1999, the Canadian magazine industry seems to have survived better than its advocates foretold. While the terms of the agreement were quite different from what the Canadian magazine industry had wanted, or what C-55 had proposed, there was no onslaught of split runs, and the Canadian industry was not crushed, as Minister Copps had predicted (just weeks prior to the settlement) would happen if there was any retreat from C-55. Telemedia's François de Gaspé Beaubien told Senators that if C-55 was not passed as it was written, "few or no Canadian magazines will remain even thirty-six months from now" and that it would "devastate a generation of young writers" (Canada, 1999b).

In 2009, the industry's website (www.magazinescanada.ca) still displayed a 1999 overview of the deal which stated that Canada's previous magazine policy "has been largely eliminated, [clearing the way for] potentially enormous migration of ad revenue from Canadian magazines to US magazines, [and that] Canadian magazines will be hurt and Canadian content will suffer without a program to mitigate the damage." The website says not a word about split runs entering Canada after 1999. Rather, a news release from February 14, 2008, ("Magazine Ad Revenue Growth Continues") announced, "the Canadian magazine industry continues to expand advertising revenues, having grown faster than other major media ... combined, between 1999 and 2006." The Center for Media and Public Affairs (CMPA) cited average annual compound revenue growth of 6.9 percent versus 4.0 percent for other media. This brings to mind the Association of Canadian Advertisers' observation in 1996 that protection had caused Canadian magazines to under-develop in terms of their share of media ad revenues. If the website's figures paint a true picture, they actually appear to confirm that protectionism had indeed been stunting the growth of Canada's magazine industry prior to the dispute.

At the time of the June 1999 settlement, many (if not most) Canadian observers thought that the magazine dispute had represented the first round in a probable ongoing series of Canada-United States conflicts over the media and cultural industries. A friend in the television industry asked me in 1999, "So when are you going to come after us?" It was also widely expected that the magazine settlement would not last. Yet it has lasted, and other culture disputes have not occurred. Remarkably, in the subsequent decade, cultural issues have been less a feature of the bilateral US-Canada agenda than at any time in the previous four decades.

Canadian observers in the 1990s widely believed that the United States had an overarching agenda to systematically break down Canada's cultural protections. Yet, as I worked day after day on the US side, I never saw or heard any evidence that the United States had such a strategy. The US side respected the cultural exemption in the FTA and NAFTA, and focused on upholding international legal rights that had been confirmed by the WTO in a specific case. If the United States had a broader agenda, it was to uphold the integrity of the young WTO dispute settlement system more generally. During the dispute, the United States clarified its public position that countries had a right to pursue measures to develop their national identities and cultures—a position that had been presaged by its allowing the cultural exemptions in the FTA and NAFTA.¹²

The mistaken expectation of ongoing conflict stemmed from dramatic misunderstandings that had been fomented by the heated atmosphere of the magazine dispute. Canadians were ready to believe in a systematic US government campaign to subjugate Canada, a belief for which there was no basis and no evidence.¹³

The Canadian media outlets that reported on this dispute were in a conflict of interest. The companies that owned them were mostly parties to the case, in that they either owned magazines directly, or they were affiliated with firms that owned magazines, or they had some other commercial interest in maintaining the policy measures involved. Even had this not been so, the reporters and columnists writing about this dispute were mostly members of a professional group that was deeply committed to the cultural policy apparatus. Minister Copps and magazine industry leaders provided a biased, good-versus-evil narrative, coloured with aggressive rhetoric, which writers eagerly amplified.¹⁴ This largely explains why the magazine dispute dominated news and perceptions of the Canada-United States bilateral relationship in 1998-1999.¹⁵

¹² A further reinforcing factor to the belief that cultural conflict would continue was the advent of the Internet, which brought widespread expectation that media and information technologies would soon converge. Such technologies had contributed to the circumvention by *Sports Illustrated* of the border ban on split runs in 1993. It was widely thought that these technologies would quickly undercut Canadian cultural policy measures, bringing Canada and the United States into increasing conflict. In reality, convergence took about a decade longer than most players anticipated. Also, internet-based communications flooded around and past the regulated media in Canada—like a rising tide rather than a tsunami—leaving the regulated sectors in place (although declining in importance), but not devastated. Advancing information technology may actually have somewhat decreased the likelihood of international conflict over cultural policy, although it has raised the profile of certain related issues, such as privacy and copyright.

¹³ For a particularly unreformed viewpoint of this type, see Crane (1999).

¹⁴ An item published on May 7, 1998 by *The Toronto Star* (Speirs, 1998) further illustrates how some Canadian media covered the trade and legal issues at stake in the magazine dispute with biased, emotional language. National Affairs Writer, Rosemary Speirs, who probably knew (or ought to have known) better, wrote that the 1996-97 WTO case originated because "Jean Chrétien's new government underestimated the US administration's aggressiveness on behalf of the American entertainment industry". The "new" government had been in office for three years at the time of the case. There was no mention of *Sports Illustrated's* legitimate complaint about being shut down by a retroactive tax measure. Speirs remarked that "The US won the first round on technical trade grounds," although numerous Canadian trade lawyers stated that the WTO's support of the United States' complaint had been thorough and substantial. Speirs continued, "By making clear that the defense of Canadian magazines is a defense of Canadians' right to read about their own country in their own voices, Copps hopes to win the next round at the WTO," thus inserting a hot-button nationalist buzz phrase into what purported to be a discussion of WTO rules.

¹⁵ The obvious counter-example is the Pacific salmon dispute, which, while it was long-running and probably carried greater economic weight than magazines, involved a very complicated tangle of federal, state and provincial governments, various aboriginal communities, commercial and recreational fishing interests, scientific complexities, and dispersed fish populations. Its resolution was negotiated around the same time as magazines and with similarly great difficulty, but it was more complex and thus harder to dramatize for mass readership, and it did not fire journalists' personal passions.

Most US players in the magazine dispute were taken aback by the vehemence of Canada's position, its inflammatory rhetoric, and the Canadian side's uncharacteristic rejection of reasonable diplomacy.¹⁶ They were understandably concerned that these behaviours would resurface in a future disagreement. In fact, however, the magazine dispute was an aberration, one that was produced by relatively unusual circumstances: a small and not particularly sophisticated (but highly vocal) industry captured the loyalty of a Cabinet Minister and her staff; complicit media uncritically and fiercely endorsed their position, and the Prime Minister let them proceed.

Why did Prime Minister Chrétien back Minister Copps' approach to the dispute for so long? Chrétien leadership style was permissive: he generally let his ministers carry their own files and make their own mistakes. Moreover, from October 1998 onward, after C-55 had been introduced and once the issue had become so public and the rhetoric had hardened, the government really had no face-saving way out; appearing to soften even slightly had become unpalatable, given the intensity of the media focus.

Finally, Prime Minister Chrétien had to strike difficult compromises within a broadly based Liberal Party. Since 1993, "business" Liberals had been firmly in the driver's seat. Left-nationalists who had resisted trade liberalization, and other Mulroney-era policies, were feeling alienated from the Liberal Party by 1997, and Chrétien needed to keep them on board. Much like his predecessor, Brian Mulroney, he apparently felt that placating the cultural-policy lobby was a necessary price of carrying on broader liberalization in other areas.

What lessons can the foreign and trade policy community learn from this episode? There is certainly little we can do about the quality of political leadership in foreign and trade policy, and we cannot prevent policymakers from being responsive to one industry or interest at the expense of others. Still, it is worth noting that leader-level coordination, and moderation of cabinet-level positions plays a role. Prime Minister Chrétien could have acted earlier to restrain the Canadian Heritage Minister and to close the gap between her positions and those of the International Trade Minister and, indeed, the rest of the government caucus.

Media bias may be obvious in retrospect, and it was certainly evident to US players at the time, but to my knowledge, nobody on the Canadian side pointed it out or even seemed to notice it. Foreign policy observers could call the media out more often, particularly when commentators are in a conflict of interest and/or when imbalances exist to such a degree that they contribute to making political movement virtually impossible, and a dispute therefore irresolvable.

Effective policy requires that we analyze and understand other players' motives. At least in its public presentation, Canadian policy in the magazine dispute presumed that motives of the United States were wholly commercial and that USTR and the State Department were merely backing US media companies. It would not have required much attention to understand that the US government concerns were with respect to trade law, WTO dispute

¹⁶ Bill Merkin (1998), a former senior USTR official who had negotiated with Canada during the FTA talks, lamented both this belief, and the way it had caused the dispute to deteriorate: "I don't think anybody down here [in Washington] is sitting around and taking a look at the different sectors in Canada and saying, 'Oh, gee, we only have 30 percent of this one, let's target them, let's go after them.' . . . This all began with *Sports Illustrated* . . . I can candidly tell you that in all my years at USTR and throughout the free trade negotiations we never once had any interest expressed to us in going after the [Canadian magazine policies] which had been in place, what, since 1965 or some lengthy period like that. And it's unfortunate that change in technology and efforts to find a niche, and an inability of the two sides to compromise on the *Sports Illustrated* issue have led to this. I mean I don't think we need to be here. We didn't need to be here but we are" (United States Information Service Office, Toronto, Direct Video Conference Transcript, November 30, 1998).

settlement, the European Union, and other relationships, and such understanding might have allowed much better management of the dispute by the Canadian Heritage Ministry.

Finally, one of the well-understood lessons of trade policy is that protectionist measures, even when they are desired by the established firms in an industry, may not be effective in promoting that industry's long-run health. Policymakers should have entertained the possibility that what the major Canadian magazine publishers wanted in the 1990s might not have been in the interest of Canadian magazines, let alone of Canadian culture.¹⁷

¹⁷ "An odd feature of Canadian cultural policy is that protectionist measures are passionately supported but there is little effort expended to determine whether the results are in line with the expectations of supporters. The Canadian magazine industry is, by all reports, in as precarious a state in 1999 as it was 40 years earlier" (Acheson and Maule, 1999: 204).

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THE AFGHANISTAN CHALLENGE: HARD REALITIES AND STRATEGIC CHOICES

HANS-GEORG EHRHART AND CHARLES C. PENTLAND, EDITORS
MONTREAL AND KINGSTON: MCGILL-QUEEN'S UNIVERSITY PRESS, 2009

REVIEW BY DUANE BRATT*

The Afghanistan Challenge brings together academics and practitioners (soldiers, journalists, diplomats) from Germany and Canada. Its origins lie in a December 2007 conference in Hamburg. Part one assesses different aspects of the Afghanistan mission: a mid-term report card of the Bonn Agreement and the Afghanistan Compact by Citha D. Maass; the Afghan tradition of warlords is described by Conrad Schetter and Rainer Glassner; Florian P. Kühn uses a political economy approach to describe the Afghan “rentier” state; Lara Olson and Andrea Charron examine NGOs efforts at development; the security situation is assessed by Mihai P. Carp; and there are two chapters on the influence of Afghanistan’s neighbours, Pakistan (Christian Wagner) and Iran (Janet Kursawe). Hans-Georg Ehrhart and Roland Kaestner conclude this first section by providing a strategic assessment of the mission. They evaluate the current security, governance, and development situations, and looking forward, offer a set of policy options. Ehrhart and Kaestner make five recommendations: “more modest strategic objectives; “Afghanisation” of security; decentralization of governance structures; more local administration of development assistance; and more involvement of regional actors in the management of the Afghan conflict” (6).

Part two examines the differing Canadian and German “perceptions, debates, and strategies” of the Afghanistan mission (6). Chapters include: Kim Richard Nossal’s discussion of Canada’s decision to end its military role by December 2011; the effect of Afghanistan on German-Canadian bilateral relations, by David G. Haglund; an evaluation of Canada’s “whole of government” approach, by Mike Capstick; Christoph Reuter describes the artificiality of dividing Afghan combatants into good guys and bad guys; and two discussions on security sector reform from a Canadian (David M. Law) and then a German (Michael Brzoska) perspective. Surprisingly, there is neither a concluding chapter to part two, nor a final conclusion to the book. Even the introduction does not attempt to identify any overarching themes or divisions between the authors; instead it provides thumbnail sketches of each chapter and offers a two-page update on the Afghan mission.

Canada and Germany, despite being two of the largest contributors to the NATO mission, have taken on starkly different roles in Afghanistan. The Canadians, operating in the dangerous southern region, have engaged the Taliban in firefights and hunted down insurgents. As a consequence, Canadians have suffered disproportionate casualty rates, mostly from improvised explosion devices, when compared with the other participating countries. This has led many Canadian commentators, including the authors of the 2007 Manley Report, to complain about the burden sharing of its European, especially Germany,

* Duane Bratt is an associate professor in the department of policy studies, Mount Royal University. He is also an associate with the Centre for Military and Strategic Studies, University of Calgary.

allies. Meanwhile the Germans, operating in the more relatively peaceful north, have focused on development efforts. Their military contingent, while nominally large, has been restricted by Berlin from performing more dangerous tasks. For their part, German commentators have been critical of the emphasis on fighting, as opposed to reconstruction, by the Americans, British, and Canadians. The back cover advertising for *The Afghanistan Challenge* promises a sustained evaluation of these contrasting views of the Afghan mission.

Unfortunately, readers expecting a sustained analysis of this Canadian-German policy debate have been misled. The first half of the book does not even try, as it simply describes the current situation in Afghanistan. The second half, which was intended to compare Canadian and German policy, fails to deliver. Even the competing chapters on security sector reform do not offer a comparison: Law focuses solely on Canada and Brzoska on Germany. Adding insult to injury, when Brzoska does offer a comparison on Germany's approach to police training it is with the United States. The absence of a Canadian-German comparison is even more surprising, because many of the chapters (Olson and Charron, Carp, Capstick, Law) specifically address the security vs. development dynamic, which is at the heart of the Canadian-German debate. Only Haglund's brief chapter explicitly compares Canadian-German perceptions and policy towards the Afghan mission. Despite the duality of the book's authors, Haglund's contribution is not matched by a German writer offering the perspective from the other side of the Atlantic.

There is still some value in the book as it does provide a good overview of the Afghan mission. Maass successfully compiles quantitative evaluation of the security, governance, and development benchmarks contained in the Afghanistan Compact. Similarly strong was Kursawe's chapter showing how Iran publicly supports the Karzai government, but behind the scenes it is trying to destabilize the country in order to keep Afghanistan weak, and to thwart the United States. Still, there remain further weaknesses. The chapter by Ehrhart and Kaestner largely duplicates what Maass had written. In addition, Wagner's chapter on Pakistan was more about its relationship with India and the disputed Kashmir territory, than the battle with Taliban insurgents along the Afghan-Pakistani border. Finally, there was no specific chapter on United States policy in Afghanistan. How could the editors allow the leader of the Afghan mission to be omitted?

If you want a comprehensive book on the Afghan mission, this is one is not bad, although there are better choices. If you want a comparative book on Canadian-German strategies towards Afghanistan, it is still to be written.

IMPLEMENTING THE WORLD INTELLECTUAL PROPERTY ORGANIZATION'S DEVELOPMENT AGENDA

JEREMY DE BEER, EDITOR

OTTAWA: WILFRID LAURIER UNIVERSITY PRESS, 2009

REVIEW BY EDWARD KWAKWA*

In September-October 2004, some of the Member States of the World Intellectual Property Organization (WIPO) introduced onto the agenda of the Organization's annual meeting of member states what they referred to as a "WIPO Development Agenda". That agenda has since taken firm root, and is now at centre stage of debates involving intellectual property and trade.

As part of the WIPO Development Agenda, in 2007 the Organization's General Assembly adopted 45 recommendations aimed at integrating the development dimension in all WIPO's activities, and established a Committee on Development and Intellectual Property (CDIP) whose task, among others, was to develop a work program for the implementation of the Development Agenda recommendations. In general, the Development Agenda provides that: WIPO's technical assistance to its Member States must be development-oriented, taking into account the priorities and special needs of developing countries, as well as the different levels of development of Member States; WIPO must further mainstream development considerations into WIPO's substantive and technical assistance activities and debates, in accordance with its mandate; and WIPO's legislative assistance shall be, *inter alia*, development-oriented and demand-driven, taking into account the priorities and the special needs of developing countries. This Development Agenda is now clearly expressed as part of WIPO's ongoing program and budget activities, and the CDIP is set to meet at least twice each year in the next few years to determine how best to improve the implementation of WIPO's newly established Development Agenda.

It is against this background that the book under review here has been written. Jeremy de Beer's book is a collection of essays by different authors on the various aspects of WIPO's Development Agenda. To begin with, a foreword by Daniel Gervais sets out the reasons why WIPO started work on a Development Agenda. The first essay, by Jeremy de Beer, then sets the stage by explaining the history and the context within which the Development Agenda came about. It provides an analytical framework, links the various essays in the book to the defining characteristics of the Development Agenda, and suggests how best to implement the Agenda. Sara Bannerman next tackles the issue of prospects for the Development Agenda, taking into account different levels of development. Xuan Li's subsequent essay provides a conceptual and methodological framework for impact assessment under the Development Agenda. In a general discussion on governance, Carolyn Deere discusses how WIPO's governance structure can be reformed in order to advance the Development Agenda at WIPO. Richard Gold and Jean-Frédéric Morin next develop various arguments, which, in their view, militate against WIPO's ability to effectively implement the Development

* Edward Kwakwa is legal counsel, World Intellectual Property Organization (WIPO), Geneva.

Agenda. The essay by Sisule Musungu discusses the reasons why effective leadership at WIPO is crucial for the sustainable implementation of the Development Agenda. Peter Yu's essay explains how building IP coalitions for development can help developing countries to influence negotiating outcomes, and to promote effective and democratic decision making in the international intellectual property system. Shamnad Basheer and Annalisa Primi then discuss how to factor in what they refer to as "technologically proficient" developing countries, in particular, by taking into account the technological heterogeneity among various developing countries. The next essay, by Lihong Li, draws lessons from China's experience with the Trade-Related Aspects of Intellectual Property Rights (TRIPS) Agreement in respect of localizing WIPO's legislative assistance. V.C. Vivekanandan then provides recommendations for the WIPO Development Agenda from a viewpoint of the public-private dichotomy of intellectual property, while Pedro Paranagua's essay explores strategies to implement WIPO's Development Agenda from a Brazilian perspective and beyond. The final essay, by Andrew Rens, looks specifically at treaty provisions on minimum exceptions and limitations for education in implementing WIPO's Development Agenda. An epilogue, by Christopher May, reflects on the possible continued role of WIPO in respect of the global governance of intellectual property, concluding that the Development Agenda may be the last best chance for WIPO to maintain its relevance to the global governance of intellectual property rights.

The concept of development in the context of intellectual property is a relatively new one. There is no doubt that WIPO is not a development agency. However, there also is no doubt that the Development Agenda, if scrupulously implemented, would ultimately bring WIPO's activities closer to those of a development agency. In effect, implementation of the Development Agenda is key to determining its eventual impact. In that sense, *Implementing the World Intellectual Property Organization's Development Agenda* is indispensable and most timely.

This book provides a comprehensive and useful set of essays on a very important subject in the context of international organizations, in particular, and international relations in general. Development, as we all know, has been with us since time immemorial. However, in recent times, it has gained increased significance and a higher profile in discussions on the international agenda. Its foray into the hitherto esoteric arena of intellectual property is indeed quite revealing. It is for this reason that Jeremy de Beer's book provides a very timely and important introduction and description of this significant and unprecedented subject of a development agenda at WIPO.

Certain stark, if not somewhat surprising, conclusions are made in this book, as demonstrated by the following illustrative examples. Jeremy de Beer categorically states in his chapter that WIPO's Development Agenda "is the most significant IP matter to confront the international community since the TRIPS Agreement and perhaps ever" (15). While this may sound like a far-reaching statement, the level of attention given to the Development Agenda by WIPO's Member States, as well as the Secretariat, does not in any way belie de Beer's statement. Richard Gold and Jean-Frédéric Morin also make the rather bold argument that WIPO is incapable of managing the cultural change required by the Development Agenda. They, therefore, opine that WIPO's role in the implementation of its own

Development Agenda should be restricted to “finding and funding outside organizations to do the transformative work that is required to implement the Development Agenda” (57). This would seem to be a line of argument that will have no difficulty in finding its critics. In any event, given the consensual manner and the goodwill with which the WIPO Member States have embraced the Organization’s implementation of the Development Agenda so far, it would be fair to say that time has not been kind or receptive to Gold and Morin’s suggestions. And finally, in a wide-ranging and comprehensive discussion on governance, Carolyn Deere provides various suggestions as to how best to revamp, reform and overhaul WIPO’s governance structure in order to allow for a more effective implementation of the Development Agenda. While some of her proposals have been implemented recently in one form or the other (such as a New Policy for Public Consultation and Participation, and an expanded Office of External Relations), other proposals would need a more fundamental and even constitutional reform of the Organization’s structure before they could be implemented (such as her proposals that WIPO establish an Executive Board, restructure the Secretariat, and create a Treaty Administration Unit).

This collection of essays provides a comprehensive and cohesive set, with all the topics tying in very well with each other. The overall quality of the collection is quite impressive. The writing styles, while provided by different authors, are similar enough to give the impression that this collection is done by a single writer. In that regard, one of the strengths of the collection is the multidisciplinary nature of the experts who wrote the articles. The scholarship by the various authors is sound, current, and comprehensively documented with relevant footnotes. The objectives of the book are very clearly set out in the Introduction, and one concludes, by the end, that these objectives have largely been met.

My only regret is that the book does not include an essay on one fundamental question that, in my view, also deserves attention: the relationship between the WIPO Development Agenda and WIPO’s mandate and *raison d’être*. However, that does not detract from the quality of erudition and care used in presenting this very important subject. The book provides much revealing information, as well as useful guidance on issues that need to be taken into account in order to ensure an effective and successful implementation of WIPO’s Development Agenda. Jeremy de Beer and the other contributors are to be congratulated on a work well done.

SPECIAL SECTION - The Politics of Canada-Cuba Relations: Emerging Possibilities and Diverse Challenges

PARTIE SPÉCIALE - La politique des relations Canada-Cuba : Options émergents et défis

INTRODUCTION

SHIFTING GROUND: CONSIDERING THE NEW REALITIES IN THE CANADIAN-CUBAN RELATIONSHIP

LANA WYLIE*

On January 1, 2009, the Cuban Revolution marked its fiftieth anniversary. The Revolution that many remarked would not last has endured. It has survived numerous challenges to its existence by holding firm to its foundation while also adjusting to new realities, both those imposed from abroad and homegrown within Cuba. Most significantly, the collapse of the Soviet Union in 1991 created a severe economic depression that almost brought the country to its knees. Coining this struggle, the “Special Period in Time of Peace”, the Cuban government began a process of transformation that would include serious changes to Cuba’s social and economic structure.

Starting nearly three years before the Revolution marked its fiftieth milestone, the country was once again faced with a series of challenges, this time, beginning at home. In 2006, Fidel Castro fell ill and temporarily transferred power to his brother, Raúl Castro. After nearly five decades of his leadership, “Fidel Castro” and “Cuba” were almost synonymous, causing many to predict that revolutionary Cuba would not be able to survive without him at the helm. Once again, the Revolution withstood predictions of its demise by enduring this temporary leadership change and the subsequent permanent succession in 2008 when Fidel Castro resigned as president of Cuba.

Change did not come to a halt in 2008. As President of Cuba, Raúl Castro initiated political, economic, and social changes on the island. At the same time, the new American President, Barack Obama, put the American policy toward Cuba under review and implemented changes in the restrictions regarding family visits and remittances. In the midst of these developments, a combination of natural disasters and the worldwide economic recession produced the worst economic crisis to hit the island since the Special Period. All of these events have the potential to fundamentally alter the island country and the way Cuba conducts its foreign relations. This is an opportune time to reflect on the state of Canadian-Cuban relations.

The articles in this issue of *Canadian Foreign Policy* consider the current relationship as well as survey the history of Canada’s association with Cuba, touching on the highs and lows of the relationship and making suggestions about the future direction of Ottawa’s policy toward the island state.

* Lana Wylie is an associate professor in the department of political science, McMaster University, and a research associate with the Canadian International Council. Her recent research has explored the intersection of identity and foreign policy decisions with a focus on the foreign policies of Canada, the United States, Cuba, and other Caribbean states.

In selecting the articles that would appear in this issue, the editorial team at the journal and myself, as special editor for this issue, strove to ensure that the issue reflected a range of approaches and perspectives. The nine scholars who penned the following articles thus write from the perspective of six different disciplines: Geography, Political Science, History, Spanish and Latin American Studies, Business, and Economics. Even more interestingly, they tackle the relationship from both the Canadian and the Cuban perspectives, and bring fresh epistemological approaches to the study of the issues.

Peter McKenna, John Kirk, and Archibald Ritter are well-established Canadian scholars with careers that have been devoted to the relationship. Not only have each of them spent much time in Havana, but they have done so in many capacities, from being visiting scholars at the University of Havana to advising the Canadian government about the direction of policy. In this issue they give us important perspectives on how the history of Canada's approach toward Cuba is likely to shape the current direction of policy.

The various approaches taken by Heather Nicol, Calum McNeil, and Julia Sagebien and Paolo Spadoni both challenge established ways of making sense of the relationship and complement the perspectives taken in other articles of the issue. Each of these scholars has contributed much toward our knowledge of Cuba, and in this issue they make crucial observations about the various ways in which we have to come to understand the relationship. However, it was especially important that an issue devoted to furthering our understanding of the Canadian-Cuban relationship reflect on it from both the Canadian and Cuban perspectives. Luis René Fernández Tabío and Raúl Rodríguez help us appreciate the view from Cuba. The two articles by the Cuban contributors further demonstrate that what Canadians take as given facts about Cuba, or about Cuba's relationship with Canada, are not settled at all.

This introduction will briefly put the articles in this special issue in context by reviewing the developments in Cuba, the shifting ground of the United States-Cuban situation, and highlight the recent developments in the Canada-Cuba relationship.

Cuba: From Fidel to Raúl Castro

In 2008, the revolutionary government of Cuba successfully negotiated its first leadership transfer. For nearly 50 years, Fidel Castro had personally controlled the island state. When he fell ill, in 2006, he temporarily ceded power to his brother. It was not until it looked like he would never fully recover, in 2008, that he made this decision permanent. With his health stabilized, Fidel continues to exercise considerable sway over the direction of policy, even though power now lies with the younger Castro brother.

Fidel makes his opinions known via regular "Op-Eds" in which he has occasionally corrected statements issued by Raúl. For example, in April 2009 Raúl Castro announced that Cuban leaders would be willing to meet with Washington officials to discuss "everything, everything, everything," which most people, both within Washington and elsewhere, assumed included issues such as human rights, freedom of the press, and political prisoners. Fidel Castro then released a statement that said that American officials had "without a doubt misinterpreted Raúl's declarations" (Carroll, 2009). Fidel Castro's statement certainly raised questions about the meaning of his brother's announcement, yet the Cuban leadership did not issue any clarification, and thereby let Fidel's correction stand undisputed.

Despite his brother's Op-Eds, Raúl Castro has been able to put his own stamp on the country. Most significantly, he has reformed aspects of Cuba's economic and political structures, including reducing the size of the state bureaucracy and lessening the restrictions on economic activity. Reforms, such as removing the limits on wages, and allowing the reorganization of the agricultural sector, are major changes. Other changes, including allowing all Cubans to purchase cell phones and electronic equipment such as computers and DVD players, will have less of an impact on most people, although they are important as these types of changes indicate a new way of thinking about certain freedoms.

Raúl Castro has also made a number of high-level personnel changes. He removed Carlos Lage from his post as vice-president of the Cuban Council of State. In the realm of foreign policy he dismissed Felipe Pérez Roque as foreign minister and signed two major international human rights declarations. These changes seem to indicate that Raúl Castro will be more pragmatic in his approach to foreign affairs. This greater flexibility in Cuba's relationship with the international community has the potential to make rapprochement with the United States more likely. Indeed, he has indicated that he would like to begin a new era of United States-Cuban relations.

Obama and Cuban-American Relations

When Barack Obama was elected on a platform of change, many people hoped he would work quickly to overturn the embargo. Certainly, his early rhetoric indicated support for normalization, declaring in 2004 "it is time for us to end the embargo" (Obama, 2004). Obama has made progress toward this goal, but it has developed slowly. In the spring of 2009, he relaxed the restrictions on family visits and remittances, allowing Cuban Americans to send as much money as they would like to their relatives on the island and to visit them freely. The Obama administration also reopened bilateral talks over migration and discussed the resumption of direct mail service. More recently, the two countries have conducted talks about the BP oil spill and cooperated over their responses to the Haitian earthquake. The United States offered to provide supplies to Cuban medical teams working in Haiti, and Cuba opened its airspace to American planes involved in the relief effort.

Furthermore, the United States has recently encouraged greater people-to-people contacts. In the last year alone, American musicians, athletes, and other cultural and civil society groups have been given permission to visit Cuba, and some prominent Cubans have been authorized to visit the United States. For instance, in December 2009 the internationally renowned Cuban musician, Carlos Varela visited the United States to record an album with Jackson Browne and to speak to American government officials. In contrast, in 2004 Varela's request for a visa was denied by the Bush administration, despite having pre-sold nearly 2000 tickets for a concert in Miami.

Other attempts to reduce the tension between Washington and Havana include ratcheting down the inflammatory rhetoric by turning off the electronic billboard on the side of the American Interest Section in Havana. This five foot high scrolling billboard had streamed continuous messages critical of the Cuban government since it was erected in 2006. Its existence and the retaliatory measures taken by the Cuban government, including building a

monument with towering flags that obscured the billboard, had continued to aggravate the hostility in the relationship.

However, the Obama administration has been criticized by many for not acting decisively enough over Cuba, and for sending messages about its policy toward Cuba that sound, in many ways, much like those sent by the Bush administration. Although the administration seems to be in favour of greater dialogue between the two governments, it has declared that normalization of relations depends on change within Cuba. Secretary of State Hillary Clinton explained, “We’re continuing to explore ways to further democracy in Cuba and provide the Cuban people with more opportunities...” (Charles, 2009). On numerous occasions, President Obama has remarked that the next major move is up to the Cubans. He said, “having taken the first step I think it’s very much in our interests to see whether Cuba is also ready to change” (Meckler & Luhnnow, 2010). In response, the Cuban government is downplaying Washington’s recent policy changes. In the first couple of months of 2010, tension escalated over the arrest of an American contractor in Havana, accused of illegally distributing communications technology. Furthermore, Havana criticized President Obama’s actions at the Copenhagen Climate Summit, calling him an “imperial chief” (Lacey, 2009). Havana has also criticized the American decision to obtain access for the US military to Colombian bases in December 2009. After this deal became public, Fidel Castro wrote, “the real intentions of the empire are obvious, this time hidden beneath the friendly smile and African-American face of Barack Obama” (Darlington, 2009).

Harper and Canadian-Cuban Relations

Canadian policy has not stood still either. Although Ottawa has maintained unbroken diplomatic ties with the Cuban government, the Canadian-Cuban relationship has experienced periods of tension. The last few years have been one of these periods.

Since 1959, Ottawa has endeavoured to maintain a relatively normal relationship with the revolutionary government, meaning that the Canadian government has maintained regular diplomatic and trade relations, and encouraged connections between Canadian and Cuban civil societies, much like it would with any other country. Depending on the government of the day, normal relations ranged from the closeness displayed in Trudeau’s early relations with Fidel Castro to benign neglect under Brian Mulroney.

Prime Minister Jean Chrétien altered the edges of normal with the decision to constructively engage with Cuba. As Calum McNeil explains in this issue, the distinction reflected the Canadian government’s growing emphasis on fostering human rights and democracy abroad (see also Wright, 2009). While engagement implies regular relations (trade, investment, diplomatic exchanges), constructive engagement hopes to engage in these ways in order to achieve change within Cuba’s domestic sphere. The goal of constructive engagement is to use the access that comes from regular relations to influence the development of a western style economic and political model on the island. According to the Department of Foreign Affairs and International Trade (DFAIT, 2009), constructive engagement aspires to do this through fostering connections with Cubans and quietly encouraging the hoped-for changes. In this model, which was followed by the Chrétien and

Martin governments, most controversial issues were still discussed privately in an effort to maintain a relationship characterized by dialogue.¹

Under the leadership of Prime Minister Stephen Harper, Canada's tradition of quiet diplomacy with Cuba has, in large part, been discarded in favour of more vocal criticisms of human rights and democracy in Cuba. For example, Maxime Bernier, Canada's Minister of Foreign Affairs in May 2008, followed the Bush administration's lead on Cuba when he congratulated Cuba on their "independence day". That date is not recognized in present day Cuba, but is celebrated by those who do not consider the 1959 Revolution legitimate. In this press release, Bernier also referred to the "plight of political prisoners," and encouraged "the Cuban people to pursue a process of political and economic reform" (Blanchfield, 2008).

More recently, Minister of State for the Americas in 2009, Peter Kent made provocative statements prior to his planned visit to Cuba. In January he said Cuba was a "dictatorship, any way you package it" (Blanchfield, 2009a). Just a month before he was scheduled to leave for Havana, Kent announced that he would "stress again our encouragement of the release of political prisoners and the opening of institutions to democratic practices" (Blanchfield, 2009b). In response, the Cuban state abruptly postponed Kent's visit and, in retaliation, Ottawa delayed issuing a visa for Cuba's Minister for Trade and Investment.

The Issue Ahead

It is in this context that the articles in this special issue were penned. Raúl Rodríguez takes us back to the early days of the Revolution through a close examination of the dispatches from the Canadian embassy in Havana and the Cuban embassy in Ottawa. He demonstrates that the assumptions the two governments made in the period from 1959 to 1962 set the stage for the next fifty years. Peter McKenna and John Kirk also take us back a few years with a look at Prime Minister Chrétien's Cuba policy. While both articles position current policy in the light of history, McKenna and Kirk explicitly examine the relationship under the leadership of Prime Minister Chrétien to see if there are any lessons for the Harper government.

In this issue, the economic relationship between Canada and Cuba is examined by two contributors; one Canadian and one Cuban. Archibald Ritter highlights the mutually advantageous economic relationship that has developed between the two countries over the past twenty years, and examines the likely impact of United States-Cuba rapprochement on Canada's trade and investment with Cuba. Luis René Fernández Tabío looks at the relationship from the Cuban side. He positions the economic relationship in human terms, pointing out that economic relations are also social relations. He argues that the Canadian-Cuban friendship could serve as a model for north-south relations in the hemisphere. However, he notes, this would require some change to Canada's approach and an emphasis on the more positive aspects of the relationship that, he argues, are based on mutual respect.

The articles by Heather Nicol, Calum McNeil, and Julia Sagebien and Paolo Spadoni draw our attention to new ways of understanding the relationship. Heather Nicol goes beyond the diplomatic corridors of Ottawa and Havana by examining the coverage of Cuba in Canadian newspapers. She puts forth hypotheses to account for the less favourable portrayals of the island that have appeared more recently in the Canadian press. Calum McNeil alerts us to the

¹ Chrétien's 1998 visit to Havana is the most well-known exception here.

role of emotion in the Canadian and American relationships with Cuba. As he says in his article, anyone with any connection to the island recognizes that the Cuba-United States relationship is fraught with emotion, as is the Cuba-Canada relationship, but this fact is rarely recognized in the literature. McNeil gives us a window into the role this factor may play in policy and, in doing so, shows us that both American and Canadian policies toward Cuba are based on false presumptions concerning how humans think and act. Julia Sagebien and Paolo Spadoni bring our attention to the cognitive dissonance in Canada's policy toward Cuba. Canadians are quick to see that the American view of Cuba is fraught with contradictions. Sagebien and Spadoni turn that lens on ourselves, showing that Canadians are not endowed with objectivity, and that we also bring our own biases when we try to make sense of Cuba and our relationship with the island.

Many of the articles in this issue also recognize that Cuba is at a critical juncture. This introduction has briefly highlighted the recent challenges faced by Cuba. Some of the latest realities in Cuba include a new president, made all the more significant given that the transition from Fidel to Raúl Castro was the first political succession in half a century; a severe economic crisis; and at least the potential of a friendlier attitude in Washington.

Havana has also had to deal with new realities in Ottawa. More so than ever before, Canadian rhetoric toward Cuba has attempted to publicly push the Cuban government on human rights and democracy issues. Yet we just need to look to history to see that this is an inappropriate approach to adopt. Revolutionary Cuba has long demonstrated that it is relatively immune from overt pressure. For five decades, the Cuban state has kept tight control over the island, regardless of international events. Fidel Castro's Cuba survived being the only Warsaw Pact country in the Western Hemisphere. It survived the end of the Cold War and the collapse of the Soviet Union, and it survived five decades of embargo. It seems safe to say that Cuba is resistant to foreign pressures imposed in order to change its political or economic model. Rather than adopting rhetoric characteristic of previous administrations in Washington, Canada should build on its positive interactions with Cuba, by providing Cuba with support as it struggles with internal reorganization and considers a new relationship with the United States. This will serve both Cuban and Canadian interests in the pivotal years ahead.

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CANADA AND THE CUBAN REVOLUTION: DEFINING THE RULES OF ENGAGEMENT 1959-1962

RAÚL RODRÍGUEZ RODRÍGUEZ*

Introduction

The year 1959 was a turning point in the history of the Cuban Republic. The triumph of the Cuban Revolution marked the beginning of a process of profound socio-economic and political transformations for the island state. These transformations represented a clean break with the prevailing socio-economic and political patterns in the rest of the western hemisphere—a geo-political space that had been a Monroe Doctrine-inspired United States hegemonic domain.

Immediately after taking power, the Cuban government took the first steps towards the implementation of the Moncada Program.¹ Such actions amounted to a strong and swift structural transformation that began incorporating new property and class relations; these actions also limited the possibilities for private capital accumulation. The Cuban government saw these actions as a means to achieve economic sovereignty and social justice. The initial reaction of the United States government—with the additional support of the Cuban propertied class—was to gradually apply economic pressure in the form of economic sanctions, political and diplomatic isolation, military threats and covert actions aimed at overthrowing the government.

As the United States instituted economic sanctions, the Cuban government turned to other Western states to try to minimize the loss of vital imports. They actively sought out new sources of raw materials, machinery, spare parts, and other supplies that could no longer be acquired from their traditional source, the US market. Canada was considered to be amongst those Western states that could become an alternative trading partner. From the Cuban perspective, Canada had the advantage of being geographically closer to the Cuban market than Western Europe, it had similar technology, and Canadian financial institutions had operated successfully in Cuba for more than 50 years. Canada was therefore ideally situated to become an important trading partner for Cuba.

Canada's position was rather unique for another important reason: demography, culture, language, economic structure, and ideology have combined to make the United States the more important focal point of Canadian foreign policy (Nossal, 1989: 26). Geography favoured continental north-south linkages, and a similar legal framework contributed to the development of an unparalleled bilateral relationship with political, security and economic dimensions; these dynamics had intensified significantly in the immediate post-1945 period.²

* Raúl Rodríguez Rodríguez is assistant professor at the Center for Hemispheric and United States Studies, University of Havana, and co-coordinator of the Inter-University Seminar in Canadian Studies in Latin America. His main area of research is the triangular relation between Canada, Cuba and the United States.

¹ The Moncada Program became the platform of the movement 26 of July (M-26-7) that is named after the military garrison that was attacked on July 26, 1953 by a group led by Fidel Castro. The Program, which became basically the platform of the new government, was profoundly nationalistic. The 1940 Constitution was reinstated and amended, the telephone company was nationalized as early as March 1959, and on May 17, 1959 the Agrarian Reform Law was enacted. For an excellent compilation of the text of the new laws and their impact see Bell, et al. (2008a).

² The strengthening of the defense and security dimension of the United States-Canada bilateral relationship predates the end of the Second World War; it was during that conflict (in 1940) that both countries signed the Ogdensburg Agreement.

It is in this context that Canada's policy responses to the immediate post-revolutionary period must be placed. On the one hand, Canada's export-oriented economy was poised to benefit from the new opportunities offered by the Cuban market, and Cuba offered it a means to assert its sovereignty via the forging an independent foreign policy stance. On the other hand, Canada was forced to observe restraint and allegiance to its NATO partners, and especially to its closest ally, the United States—the state most hostile to the outcome of the Revolution. This complex new scenario started to unfold in 1959, and was fraught with challenges and opportunities for Canada-Cuba bilateral relations. These first eventful years would have a lasting impact upon Canadian policy toward Cuba until the present day.

Drawing upon Canadian and Cuban original documents, I present a characterization of the bilateral relationship during 1959-1962: how it was perceived from Ottawa and Havana, and how—by dealing with the new situation from 1959 on—the Diefenbaker government defined the rules for future bilateral engagements with Cuba.

While some official documents reveal a distinct Canadian perception of the events in Cuba after 1959, a review of regular dispatches from the Canadian embassy in Havana from 1959 to 1962 reveals that successive ambassadors viewed, as their most important goal, the assessment of the popular support for, and the long-term viability of, the new government in Havana. Specifically they were interested in the Cuban government's relationship with both domestic and international left-leaning movements, the deterioration of Cuba-United States relations, and how Canada should respond in relation to their findings.

Dispatches from the Cuban embassy in Ottawa and instructions emanating from Havana³ during this period, and especially after the appointment of Americo Cruz—a career diplomat who was committed to the new Cuban government—stressed the potential for Canada-Cuba trade relations. Emphasized was the importance of safeguarding and strengthening the political and diplomatic relations between the two states as a valuable open door to minimize the negative impact of US belligerence on the bilateral ties between Cuba and Canada.

Canadian-Cuban relations: Some Important Antecedents

Most scholars agree that Canadian-Cuban relations have been primarily based on trade (Kirk & McKenna, 1997) since the mid-eighteenth century. A basic feature of Canadian economic structure is that since the repeal of the Corn Laws in 1846 when Great Britain made the unilateral decision to eliminate preferences for wheat and other products from her North American provinces in the British market (Hart, 1998)), the Canadian colonies (and later Canada) have never been wholly self-sufficient (Nossal, 1989). Consequently, Canada has been dependent on foreign trade for its well being.

Having lost British preferences, in 1866 the United States unilaterally announced the repeal of the Elgin-Marcy Treaty (Callahan, 1927) of commercial reciprocity between the British North American provinces and the United States. The Canadian founding fathers reacted by sending a trade mission to Latin America and the Caribbean in 1866, which included Cuba—at that time a Spanish colony, but one that was increasingly developing commercial ties with the United States. The trade mission visited Cuba on March 17, 1866.

³ Archives of the Ministry of Foreign Affairs. Havana, Cuba.

As the ruling elites of the Dominion seemed ready to embark on a nation-building process to consolidate a national identity distinct from the United States, there was an effort by its most notable representatives to seek markets in the Spanish West Indies for Canadian exports. The “Report of the Commissioners from British North America Appointed to Inquire into the Trade of the West Indies, Mexico and Brazil” includes a letter signed after the meetings in Havana and delivered in person by a trade commissioner to the Intendente in Cadiz. In this petition, the Spanish authorities are requested to open up their markets, with the main suggestion being that:

[It] will it not be a sound policy to encourage and foster a competing source of supply in British North America, the provinces of which, when united in one government as it is now contemplated, will form from the outset a confederation of about four million people, well qualified to establish in the continent of North America a check and counterpoise to the aggressive and absorbing principle which seems to animate the democracy of the United States (quoted in Boyer, 1972).

This may very well have been the first attempt at developing a distinct diplomacy by the soon-to-be Dominion of Canada (Boyer, 1972). The efforts of the ruling elites of British North America to diversify trade, and to economically compete with the United States for markets in the Spanish West Indies included Cuba as an important part of their strategy. There were other unsuccessful attempts at opening up Cuban markets to Canadian exports in 1876 (Skelton, 1920).⁴ Spanish and British obstacles, and later US economic interests, are largely responsible for preventing the newly created Dominion from fulfilling its objectives in that sense.

With the transfer of colonial hegemony over Cuba from Spain to the United States as a result of a short inter-imperialist conflict in 1898, the United States occupation government promulgated a series of decrees allowing for the chartering of foreign banks (Rodríguez, 2007). Canadian banks and insurance companies⁵ were quick to establish solid operations in Cuba. In fact, Canadian chartered banks pioneered the finance of international trade between the United States and the Caribbean in which Cuba was to become a centrepiece. Subsequently, the Royal Bank of Canada and the Bank of Nova Scotia (Quigley, 1989) were to have an important presence in Cuba’s financial sector prior to 1959.

The Royal Bank was the most successful. By 1923 the Canadian bank had come into possession of at least 16 sugar mills and 300 acres of fertile sugar cane growing land (Schuyler, 1994). According to a 1950 report on Cuba by the World Bank, the Royal Bank was listed number one among all commercial banks in total deposits (Francis et al., 1951). By 1958 more than 70 percent of all life insurance policies held by Cuban nationals were underwritten by Canadian Manufacturer’s, Confederation, Crown, Imperial, and Sun-Life insurance companies.

The emphasis on trade as the main element of Canada-Cuba relations is reflected in the fact that one of the new Republic of Cuba’s first diplomatic offices in Canada opened in tiny

⁴ Prime Minister Alexander McKenzie wrote to Sir Alexander T. Galt expressing interest in expanding trade with Cuba and Saint Domingue. (Skelton, 1920).

⁵ During the first decade of the Republic two banks and two insurance companies were incorporated into Cuba. The Merchant Bank of Halifax was followed by the Royal Bank in 1899 and the Bank of Nova Scotia in 1906; both banks would be largely involved in financing Cuban-United States trade. In 1907, Sun Life Assurance was followed by Confederation Life.

Yarmouth, Nova Scotia in 1903—essentially to promote the salt cod and rum trade between the two nations the Cuba. In 1909 a Canadian commercial office was opened in Havana.⁶ In the next decade, Canada began to take command of its foreign affairs, and in 1927 Cuba opened a consulate in Montreal. In 1931, the Statute of Westminster gave Canada more authority in the conduct of its foreign affairs and trade continued to be a great concern for Canadian policy makers (Scott, 1932).

During the Second World War, both Cuban president Fulgencio Batista and Canadian Prime Minister William Lyon Mackenzie King saw reason to upgrade relations. In October 1942, Batista announced his intentions to establish diplomatic relations with Canada and the Soviet Union, ostensibly to aid the war effort but likely also as a means to gain increased international recognition and generate trade (Scott, 1932). Batista's hopes were echoed on the Canadian side, where King stated that he wanted to increase Canada's stature in the eventual post-war world order. Subsequently, in November 1947, Joseph Marie Emile Vaillancourt, the top Canadian diplomat in Havana, would receive this evaluation of the bilateral ties from Ottawa, (*Canadian External Relations*, 1947) the Sub-Secretary of the State for External Affairs Laurent Beaudry wrote to him that: "Its certainly an anomaly that our mission in Cuba, where we have considerable commercial interests has a lower rank than that of other countries with whom our relations are not as tight and diverse." Relations were upgraded with the appointment of an ambassador, Herbert Coleman, who replaced Vaillancourt in October 1950 (Kirk & McKenna, 2003; Boyer, 1972).

Canada had never approximated the degree of involvement that the United States achieved in its relations with Cuba,⁷ due in most part to the privileged neocolonial relationship that the United States imposed on the Cuban state with the cooperation of Cuba's elites (Pinos-Santos, 1975). Subsequently, both Liberal and Conservative governments remained somewhat distant from any involvement in Cuba's economic affairs, which were overwhelmingly centred on the US relationship.

Despite some evolution in the neocolonial status, especially after the mid-1930s, by 1958 the Cuban economy was heavily dependent on the United States. Cuba looked to the United States for some 80 percent of its food, machinery, chemical, and raw material imports. During the half-century since independence, at least 70 percent of its exports of sugar, tobacco, and other products were exported to the United States (*The Financial Post*, 1960).

Canada and the Triumph of the Cuban Revolution

Diplomatically, Canada formally announced recognition of the new Cuban government on January 8, 1959, the day the rebel army entered Havana, and one day after the United States. On January 2, 1959, *The Toronto Star* quoted an external affairs spokesman that the government would "wait a decent interval", which would translate into an assertion that the Canadian government would wait at least ten days; although the government would make up its own mind it would be guided by the attitude of the United States to recognize the new government of Cuba (*The Toronto Star*, 1959a). It was Canada's Minister of Foreign Relations, Sydney Smith, who gave instructions to its ambassador in Cuba to "confirm the desire of the Canadian government to maintain friendly relations with the Cuban Revolutionary government" (DEA, 1959: 6).

⁶ This was the first Canadian trade office in Latin America and was followed by one in Buenos Aires in 1911 and one in Mexico in 1922.

⁷ Except the Canadian Banks and Insurance Companies that operated in Cuba from 1899 until the early years of the Revolution. Other than that, Cuba's foreign trade was overwhelmingly conducted with the United States. For more information on the role of the Royal Bank in Cuba see Chapman, 1927.

The position of granting official recognition to the Cuban revolutionary government is in accordance with a traditional tenet of Canadian foreign policy. As former Canadian Prime Minister John Diefenbaker wrote in his memoirs: “Our interaction is guided by the international rules that exist between two sovereign nations.” Diefenbaker elaborates further “... it was Canada’s duty to maintain with Cuba the cordial relations customary with the recognized government of another country” (Diefenbaker, 1976: 169). A closer examination, with the benefit of hindsight and access to original documents, reveals the main elements that were taken into account at the time.

According to an internal memo signed by Sydney Smith in relation to a Cuban government request for recognition, the Canadians were doubtful that the Cuban government “fulfills the usual conditions for recognition” and the main concern was “not to lag behind other governments who have already extended recognition”. The postscript also reveals another element for consideration by stressing that “as Canada has a large investment in Cuba, it is highly desirable that Canada should not lag in recognizing the new government” (Smith, 1959).

Some initial events brought the Cuban process closer to the new Progressive Conservative government and the Canadian public due to the extensive coverage of the events in the Canadian press. One of these events was the trial by the revolutionary tribunals that convicted a number of Special Forces and paramilitary members of Batista’s army of war crimes, ultimately sentencing them to be executed. Some Canadian officials expressed concern, but the overall policy was that of non-interference.

Beyond the formal diplomatic reaction, the Canadian government was rather cold and cautious in response to the initial attempts from the new Cuban government to promote better relations. In February 1959, the Cuban government requested the services of ten Royal Canadian Mounted Police (RCMP) officers through the Canadian embassy in Havana to help train Cuba’s police and internal security forces (Boyer, 1972). This was not new to the RCMP; there were some antecedents of such cooperation in Latin America and the Caribbean since the Second World War. However, despite some initial positive reporting about the feasibility of cooperation, it did not happen (*The Toronto Star*, 1959b).

On April 1959 Fidel Castro extended his visit to the United States to Canada and arrived in Montreal where he met with the media and the business community. There were requests from the Canadian business community, especially the representatives of the Royal Bank and Sun Life Insurance, to receive Cuba’s Prime Minister with suitable honours. John W. Holmes, in a memorandum on April 10, reported that he had also been approached by representatives of a corporation—this time, Sun Life Assurance Company. The corporation was corresponding on the matter with the Royal Bank and the Bank of Nova Scotia. Sun Life was enquiring about the Castro visit to Montreal, and Holmes (1959) “confidentially confirmed [that the Canadian government] were somewhat embarrassed by this visit”. The recipient of Holmes’s memorandum, Marcel Cadieux (1959), subsequently met with officials at the United States Embassy in Ottawa to convey the Canadian government’s feeling that “the prospect of Fidel Castro’s visit was not entertained with any particular enthusiasm” and aimed, in the event of a visit to Ottawa, “to do the minimum which would be possible without giving offence”—perhaps a luncheon with the Postmaster General and a “short appointment”

with Diefenbaker—with the ultimate objective of “trying to parallel the action which was being taken by the United States authorities”. The United States Embassy responded that it “understood fully [Canada’s] difficulties”.

A month earlier the Canadian Embassy in Havana expressed opposition to the visit of the Cuban Prime Minister. Canadian Ambassador Hector Allard wrote on March 16:

Castro is obviously doing his very best to squeeze an invitation somehow to get to Canada and I am only hopeful that the junior chamber of commerce in Montreal will not put into operation their reported intention to invite Castro to Canada ... [Castro] is fast becoming victim of his own verbosity and a tool of communist elements surrounding him (FM Havana, 1959).

The decision to send the Postmaster General to host the luncheon had been made by the Diefenbaker in Cabinet on April 13, allegedly on the grounds that the Postmaster General, William McLean Hamilton, held a riding in Montreal and was therefore a more logical candidate “since the Canadian interests involved were from the Montreal region” (Canadian Cabinet Minutes, 1959). Subsequently, Cadieux contacted the Sun Life officials who had met Holmes and informed them that the government considered Castro’s visit to be “of a private nature” and that a visit to Ottawa would be kept “as informal as possible without giving offence”.

Canada and the Cuban Revolution: The Nationalizations

Nationalization of foreign property was a key element of the new government’s economic policy. The first actions came as early as March 3, 1959, when the telephone company was nationalized. However, the most important new law was the May 17, 1959, agrarian reform. This was a long overdue achievement aimed at transforming the pattern of land tenure on the island.⁸ This action did not have a significant impact on Canadian property in Cuba. The nationalization, because it was not followed by a speedy compensation of all United States-owned property, led to the first of the several proclamations directed against trade with the post-revolutionary government. From the Cuban perspective the nationalizations were a sovereign act in the national interest (D’Stefano Pisani, 2002). Moreover, the Cuban state was literally unable to meet the payments due to a lack of cooperation on the part of the United States government.⁹ Finally, on October 19, 1960, the Eisenhower administration placed Cuba on the United States’ Export Control List, cutting off all exports to Cuba except non-subsidized foodstuffs, medicines, and medical supplies.

The case of the Royal Bank serves as a good example of the exceptional treatment accorded to Canadian companies and interests. On the thirteenth and fourteenth of October 1960 new decrees placed 382 Cuban and foreign owned businesses, with an estimated value of \$2 billion in total assets, under both state ownership control for the first time (Bell et al., 2008b). The entire trade sector of the economy was nationalized, as well as all banking establishments on the island except two: the twenty-three branches of the Royal Bank and the eight branches of the Bank of Nova Scotia.

⁸ The Cuban constitution of 1940 proscribed *latifundia*. However, up to 1959 no law had been enacted to enforce that provision. Article 24 of the document provided the legal framework for expropriation in the name of the national interest.

⁹ Over 470 million dollars from the Cuban National Bank were taken to the United States by Batista government officials and never returned despite the fact that the United States government had recognized the Cuban government.

The Royal Bank was allowed to send out its capital stock in US Bonds (Hart, 1960: 34), the national bank of Cuba assumed responsibility for all savings and current accounts of the Canadian bank's 23 branches, and it also assumed all its liabilities. Indeed, the Royal Bank and the Bank of Nova Scotia were singled out for exemptions and became the only foreign banks in the country (UK Foreign Office, 1960). When the American-owned Nicaro nickel plant was closed in October 1960, the newspaper *Revolucion* reported that Canada now held a monopoly of nickel in Cuba; Canadian Ambassador Anderson was then contacted to ensure that he not interpret the reporting as in any way hindering "Cuba's good relations with Canada" (Canadian Embassy, 1960a). On another occasion the acting Minister of Foreign Relations, Carlos Olivares Sanchez, met with the Canadian Ambassador to inform him "privately [of] the value which the Cuban government sets on friendly relations with Canada," and its decision to appoint a new ambassador to Canada: Americo Cruz, a career diplomat then serving as Cuban Ambassador to Argentina.¹⁰

Despite all the positive signals from the Cuban Ministry of Foreign Affairs regarding the bilateral relations, Canadian ambassador Anderson was not optimistic that cordial relations would be sustained. In November 1960, he complained that the recent nationalization of "a couple of Canadian firms [had generated] so much telegraphic correspondence with Ottawa that I shudder to think what it may be like when the bell rings for the Canadian banks" (Canadian Embassy, 1960c). For the time being, however, his feeling was that the Cubans' "sole purpose is to get, while it is still possible, whatever goods can be got from Canada to fill the various needs which cannot be supplied from the Sino-Soviet group" (Canadian Embassy, 1960d). Though the Cubans' intentions with regard to trade with Canada may have been broader, the concerns of the Embassy as well as the Department were generally limited to the affairs of the Canadian banks in Cuba: the Royal Bank and the Bank of Nova Scotia.

The rationale for the new Cuban government's policy of exempting Canadian banks from the October decrees has been the subject of a good deal of speculation. One widely accepted thesis suggests that the government sought to keep at least one banking channel to the free currency exchange market. Canadian banks, as in the case of the potential purchase of spare parts and manufactured goods, were in the best position because of their long-standing involvement in Cuban banking affairs and their financial connections with the United States and the United Kingdom.

For Ottawa, that pattern of exceptional treatment accorded to Canadian companies and nationals was one reason for maintaining a completely different approach towards its relations with Cuba.

The United States' authorities expressed that the economic measures taken by the Cuban government against the interests of the United States and its citizens are arbitrary, illegal and discriminatory, so that it requires an embargo against Cuba. Canada does not justify an embargo or similar measures because the treatment of the interests of Canada and that of its citizens has been different (Ogelsby, 1975).

¹⁰ Anderson added "I was to keep this to myself, as advance information ... therefore please assume that I have not told you this, at least not officially" (Canadian Embassy, 1960b).

Canada and the Cuba Revolution: Trade and the US Embargo

Bilateral trade has been central to the relations between Cuba and Canada since colonial times. However, the new scenario of triangular conflict would present a number of challenges and opportunities for Canada-Cuba ties. After all formal ties with the United States had been cut, it became more important to the Cuban foreign ministry to maintain its remaining cordial ties with Canada and other Western states. Shortly before his departure in May 1960, Ambassador Anderson had a final interview with the Cuban foreign minister, Raúl Roa, who “applauded Canada’s interest in Latin America and OAS” and said that he “admired Canada’s habits adhering to basic principles in international affairs and voting according to her own light rather than meekly following the UK or USA or anybody else” (Canadian Embassy, 1961).

One important factor to understand the volume of trade and the possibilities of opening up for Canadian business is that, despite the growing tensions between Washington and Havana, during 1959 American companies exported US\$436 million in products and spare parts to Cuba, US\$26 million in automobile parts, US\$27 million in electrical, and nearly US\$22 million in industrial machinery. Thus, trade was to become the most important issue in Canada-Cuba relations in the following year (*The Financial Post*, 1960).

The year 1960 generated great interest in Canada, first over the question of the treatment accorded to Canadian businesses in Cuba, and second in relation to the United States government’s decision to increase economic pressure while severing political and diplomatic ties with Havana. Canadian companies appeared as an option to fill the void left by American companies that had to this point dominated Cuba’s international trade. To this end, the top leadership of the new revolutionary government tried to preserve and further expand its economic links with Canada. Canadian companies had the same technology and standards as (and in many cases were) US subsidiaries. Then Cuban Ambassador in Ottawa Americo Cruz¹¹ notes in a report to his Minister: “In terms of economic relations they [Canada] have a situation similar to what we had previous to 1959” (Cruz, 1961a). Cruz was referring to the fact that both Canada and Cuba’s international trade was heavily dependent upon the United States and that US capital had penetrated deeply into the Canadian domestic economy—not unlike the US economic presence in Cuba prior to 1959. An early instance is recorded in December 1960 when a ten-member Cuban delegation, headed by the Minister of the Economy, Regino Boti, and composed of high ranking representatives of the Cuban Banking, Energy and Transportation sectors, visited Ottawa with the express intention of promoting a significant increase in trade between Canada and Cuba.¹² In an initial response, Canada’s Minister for International Trade, George Hees, stated, “Canada would be willing to sell the products that Cuba is unable to acquire as a result of the US embargo” (The Diefenbaker Papers, nd).

The Diefenbaker government expressed its opposition to the United States commercial blockade of Cuba in a speech to the House of Commons, on December 12, 1960: We respect the other nation’s opinions as to their relations with Cuba as much as we expect that our points of view be respected. Canada reserves the right to trade with any country, including Cuba, and any commodity it so pleases.

¹¹ Americo Cruz was highly regarded by the Cuban government and considered a man of revolutionary prestige. He was appointed Cuban Ambassador to Ottawa after the defection of the previous ambassador Luis Baralt.

¹² Press reports speak of Cuba’s offer to purchase \$150,000,000 worth of Canadian goods that represented a ten-fold increase in bilateral trade. (The Diefenbaker Papers, nd).

The Cuban trade mission and the Canadian response elevated tension in the Canada-United States relations. Consideration of the reaction of the United States contributed to the definition of the Canadian position regarding trading relations with Cuba. Consequently, on December 23, 1960, Canada's Prime Minister, John Diefenbaker, issued a rare statement¹³ from his home province, which defined the policy as follows:

1. No shipment of arms, ammunition, military and related equipment, or materials of clearly strategic nature will be or has been licensed for export from Canada to Cuba for more than a year. This course is based on the government's general policy of refraining from exporting such goods or commodities to areas of tension anywhere in the world.
2. A tight control is exercised on the export of goods such as aircraft engines, which may in certain circumstances have strategic significance. Individual export permits are required in each case and, as applications are received, the circumstances will determine whether the export of the goods concerned has a strategic significance, and if not a permit is issued.
3. As to Canadian goods of a non-strategic nature, there are no limitations on such trade with Cuba (Press Release, 1960).

From that day in December 1960, the Canadian government sought to walk a fine line between "practical compliance" and "independent trading" (Morris, 1984: 37). The statement highlighted the desire of the Canadian government to maintain the bilateral and, in this case, commercial relations with Cuba, while also setting Canada's position in relation to the United States' commercial embargo on Cuba. Most importantly, the document represents a brief summary of the main aspects of Canadian foreign policy towards the Cuban revolution in general and constitutes an important step towards defining the rules that Canada was to observe in its bilateral interaction with Cuba for years to come. Ottawa felt capable of following its own chosen path. However, knowing that the United States was its political ally as well as its biggest commercial partner, Canada looked for support from other countries, such as members of NATO and other allies of the United States, as a means to bolster its position in relation to American embargo. It is worth noting that Cuba became the only point of disagreement between both countries. Canada sought multilateral action and that became the strategy that later marked Ottawa's Cuba policy.

There was also a very strong concern in Canada that the United States' embargo would have the effect of driving Cuba into the Soviet camp. Thus, it was up to countries like Canada and the United Kingdom¹⁴ to do what they could in order to maintain the links with Havana. "We do not minimize American concern, but it is the government's view that to maintain mutually beneficial economic relations with Cuba may help and contribute to the restoration of traditional relationships between Cuba and the Western world" (Press Release, 1960). It was widely believed that isolating the island from western trade and diplomatic contact would drive it to further reliance on less desirable associations.¹⁵

¹³ Two connected things are worth noticing in reference to the sensitivity of the issue for the Canadian government and the need to set the record straight and put the controversy away. One is the date: 23 – the day before Christmas Eve, and the other is the location: Saskatoon not Ottawa.

¹⁴ British Prime Minister Harold Macmillan had openly supported this position, arguing that isolating Cuba would only drive her closely to the Soviet Union.

¹⁵ These differences in views and the pressures brought to bear against Canada by United States officials were evident, for example, at the July 1960 closed-door meeting Canada-United States Ministerial Committee on Joint Defense. See Robinson, 1989, p.146.

Another important element that provided both economic benefit and a means to deflect US criticism was the fact that the balance of Cuba-Canada trade showed that Canada maintained a surplus from 1959 to 1964; therefore, rather than helping a communist nation, Canadian officials were quick to point out that “trade with Cuba in non-strategic goods runs heavily in favour of Canada” and, confronted with the argument that Canada’s trade was helping Cuba promote communist subversion, officials would reply, “On the contrary, Cuban trade with Canada is absorbing dollars secured from other sources” (The Diefenbaker Papers).

Table 1. Canadian-Cuban Trade

Year	Canadian Imports from Cuba	Canadian Exports to Cuba	Trade Balance (CA\$000)
1957	\$13,840	\$16,846	\$3,006
1958	\$18,836	\$17,549	(\$1,287)
1959	\$12,011	\$15,222	\$3,211
1960	\$7,243	\$13,038	\$5,795
1961	\$5,034	\$31,104	\$26,070
1962	\$2,803	\$10,878	\$8,075
1963	\$13,041	\$16,433	\$3,392
1964	\$ 3,464	\$60,930	\$57,466

Source: Statistics Canada, Canada 1958-1965 Yearbook

Finally, the Canadian Prime Minister expressed his opinion about Canada’s trade with Cuba, and Canada’s position towards embargoes in general, as he pointed out, “Embargoes and trade controls are powerful and sometimes double-edged weapons. If we use them towards Cuba, we may be under pressure to use them elsewhere, and unnecessary damage will be done to Canadian trade” (The Diefenbaker Papers).

The Cuban Perspective of the Development of Bilateral Ties

One of the early 1961 dispatches from Ottawa, dated January 16, contains very important references to the impact of the visit by Cuban officials and the overall impression about the impact of the United States upon the bilateral relationship between Canada and Cuba. The dispatch is a summary of a meeting with the Canadian Secretary of State for External Affairs, Howard Green, who, according to the Cuban Ambassador’s detailed dispatch, was clear to establish the importance for Canada “to maintain cordial relations with the United States” while also assuring that “the overall policy of Canada was that of maintaining an independent foreign and commercial policy they would maintain friendly relation with Cuba”. Once again, the Cuban Ambassador was reminded of Canada’s sensitivity and vulnerability to the reactions of the United States. Ambassador Cruz went on to note that Green had acknowledged that the Canadian government was the object of tremendous pressure from the United States, especially after the warm welcome to the Cuban Commercial mission of December 1960. Later in the same dispatch it becomes evident that Ambassador Cruz “got the message” from Howard Green, as he recommended continuing to promote trade with a low profile:

It is my opinion that we must conduct ourselves more quietly because we are generating problems for them and they could be forced to change their policy towards Cuba, they know that and they tell us (Cruz to Roa, 1961).

Ambassador Cruz' rather nuanced three-page report makes very important references that show how both Canadian and Cuban officials were aware of the US impact on the bilateral relationship. Cruz conveys the same impression in another dispatch to Havana a week later, on January 24, "... to show off our good relations with them a bit too much has brought about serious problems with the United States for them, therefore it is my opinion that we must not speak too much about this" (Cruz, 1961b).

The new Cuban government gave a fair assessment of the Canadian government's position as well as of the potential impact of US responses, both in terms of political rhetoric and action since the early months of the Revolution. This position is reflected in the following excerpt from a letter from the Cuban Ministry of Foreign Affairs to Ambassador Cruz in Ottawa: "We call your attention upon the fact that the resistance provided by the government of Canada, up to now, to the United States' continuing pressures, aimed at forcing Canada to join the blockade of Cuba, must not be underestimated" (Olivares Sanchez, 1962). In this message and in subsequent communication with the Cuban Ambassador, Cruz was clearly instructed to work hard in confidence-building actions and to use "the tools of the diplomatic arsenal to safeguard the interests of maintaining the relations with Canada, despite the fundamental ideological differences that separate both governments" (Olivares Sanchez, 1962).

The Bay of Pigs: The Rules Are Further Defined

Canada remained firm in its position to continue to have trade and formal diplomatic relations with Cuba, despite pressure from the United States. A review of the Canadian reaction to other historical events shows a remarkably different position regarding Cuba and its revolution. The Canadian political, ideological and diplomatic response to the events of the US-sponsored Bay of Pigs invasion serve to illustrate Canadian policy makers' position towards Cuba.

Canadian official response to the CIA-organized invasion of Cuba confirms the ideological position of Canada unequivocally on the side of the United States and the western powers in the context of Cold War. In a statement in the House of Commons made from notes prepared in advance, Diefenbaker was very straightforward in accusing Cuba of providing international communism with a bridgehead from which the penetration of the whole Latin America could be launched (*The Montreal Gazette*, 1961).

One of the most important witnesses to the evolution of events and the Canadian government reaction was the Cuban Ambassador, Américo Cruz. Following a long meeting with the Under-Secretary of State for External affairs and other officials from the Latin America desk, Cruz wrote an extensive report to his ministry in Havana. Ambassador Cruz notes that, while Canadian officials acknowledged that the invasion was organized and financed by the United States, Canada did not, and would not condemn its southern neighbour for its role in the invasion. Canadian officials went on to explain that Canada considered that Cuba had not done enough to improve its relations with the United States and

that it was only to Cuba's advantage to try to reach an agreement with the United States to save the Revolution. Cruz found the meeting rather fruitful because, as he wrote, "we have been able to find out the real thoughts of this government and their policy in relation to our struggle against imperialism ... the meeting has allowed us to know that we can not expect much of this country and it shows that their position is right on the side of the United States" (Cruz, 1961c).

The Canadian government reaction to the Bays of Pigs, and subsequent concrete actions, like denying humanitarian aid to Cuba,¹⁶ revealed its true allegiances. After trying to secure a plane to transport medications purchased by Cuba in Canada, Ambassador Cruz sent a gloomy dispatch, "I conveyed my dismay for not finding cooperation from the Canadian government for a humanitarian action consisting in transporting medicines for the wounded with urgent need ... this episode in my opinion will be one of many to come in the future against Cuba" (Cruz, 1961c).

The Canadian reaction to the Bay of Pigs invasion and its aftermath¹⁷ was a watershed moment for the Cuban Ambassador. He felt he finally understood the nuances of Canadian policy because Canada's response showed that, despite Ottawa's rejection of US pressure, and the prevalence of the liberal strain in Canadian policymaker's actions that favoured dialogue and engagement, the Canadian government was firmly on the side of its NATO and NORAD partners (Kirk & McKenna, 1997: 56).

Canada and the Cuban Missile Crisis

Nineteen sixty-two would prove to be a more complex period for Canadian-Cuban bilateral relations as issues other than trade came into play in the context of Cold War. An increased effort by the United States to bring about a change of regime in Cuba, combined with economic isolation and Cuba's worsening economic situation, led to the decline of Cuba's foreign exchange resources, thus limiting Cuba's ability to increase trade with Canada.

Soon after the Bay of Pigs fiasco, the United States government started to put together Operation Mongoose.¹⁸ This was the largest operation of subversion that the United States had ever organized against any foreign state. The thoroughness of the plan and the diversity of threats to Cuba's national security were among the factors that led the Cuban government to accept the installations of Soviet nuclear missiles in Cuban territory.¹⁹

The ensuing crisis has been rightfully called the greatest nuclear crisis of the Cold War. Indeed there is no more dramatic event in the history of the Cold War than the Cuban Missile Crisis or (the October Crisis, as it is widely referred to in Cuba) as the United States and the Soviet Union came to the brink of nuclear war. The event itself has been the object of numerous international conferences, books and even films. In most, with the notable exception of Peter Haydon's (1993) important contribution, the role of Canada tends to be minimized, as is the role of Cuba.

¹⁶ The Canadian government refused to provide a plane to fly much-needed medical supplies purchased by Cuba in Canada to take care of soldiers wounded in combat during the Bay of Pigs invasion.

¹⁷ Canadian government officials played a role in the private negotiations during 1962 to secure the release of the Bay of Pigs prisoners. The compensation money that was sent to Cuba in the amount of \$60 million was funneled through the Royal Bank (McDowall, 1993).

¹⁸ Early in November 1961, barely six months after the Bay of Pigs, the United States government embarked on an all-out plan to overthrow the government of Cuba. This included all possible forms of aggression: economic embargo, political and diplomatic isolation, sabotage, and support of terrorist activities, psychological war and media campaigns.

¹⁹ For a Cuban perspective, see Jimenez Gomez (2003); Diez Acosta (2008).

One important aspect of the crisis was the divergent view of Prime Minister Diefenbaker about how to deal with the situation, and to what extent Canada had to be involved. Haydon argues that one of the problems within the Canadian response to the Cuban missile crisis was the very different perception of its nature and implications (Haydon, 1993: 62). This led to the much-publicized Kennedy-Diefenbaker fallout, the rift in Canadian civil and military relations, and the high political cost paid by Diefenbaker for his decisions. One aspect of the crisis is particularly relevant to Canadian-Cuban relations. Canada's navy was ordered to sea, closely integrated with the American forces under NATO maritime command. The Canadian navy functioned as an important part of the submarine barrier, permitting units of the US navy to move south into the blockade zone (Munton, 1992). Thus, despite initial reticence basically in terms of procedure, Canada opted to meet its commitment with the United States.

Another important signal of Canadian commitment to the West was the fact that the Canadian government provided intelligence on Cuba from the Canadian embassy in Havana on a regular basis to the United States and other allies during the early years of the Revolution. Canada then lacked a spy agency, so Canadian diplomats were sent out to collect intelligence on military installations and other things in Cuba important to the United States; it was Canadian embassy officials who reported the initial preparations for the installation of missiles in Cuba in October 1962. Information from high-level meetings between Canadian officials and Cuban officials were also made available to US intelligence (Munton, 2009: 120). The reports were sent from the Canadian embassy in Havana by diplomatic pouch to the Ministry of External Affairs in Ottawa, which forwarded the intelligence documents to the Canadian embassy in Washington. An official from the Washington embassy would then gather the reports in an envelope, and "walk them over to the State Department" (*The National Post*, 2003). Intelligence cooperation increased during the years following the Missile crisis, especially during the years of Prime Minister Lester B. Pearson.

Conclusions

For Canada's conservative government, an option for an independent Cuba policy was based on a position of national sovereignty, consistent with its tradition in favour of multilateralism and its role as a middle power with no imperialist or hegemonic designs on Latin America. A made-in-Canada foreign policy towards Cuba also constituted an element of distinction for Canada relative to the United States, which is a recurrent theme in Canadian political culture and enjoys high public approval domestically.

It became obvious in the review of the Canadian documents and dispatches that Canadian officials genuinely believed that embargo and isolation would push Cuba into the Soviet camp. The Diefenbaker government walked a thin line in terms of Canadian-Cuba policy by stressing engagement, trade and political dialogue—despite ideological disagreement. The Canadian government had a different perception of the cause of the Cuban Revolution, seeing it as an expression of the social and economic tensions existing in Latin America.

However, at the same time, the Canadian government was consistent in its position on the side of the western alliance in the context of the Cold War. The strict enforcement of the trade policy—to the point of searching Cuban vessels in Canadian ports—as well as its

reaction to the Bay of Pigs invasion and the Missile Crisis (including the use of the Canadian embassy to collect intelligence) serve to highlight Canada's position.

Cuba's leadership understood Canada's position. However, as it tried to construct a new model of economic and social development, Canadian trade and political relations were a much-needed short-term open door to the West. The efforts of the Cuban foreign ministry were concentrated on those objectives, as the documents indicate. The intensity of events, the uniqueness of circumstances, and the diversity of challenges for both the Canadian and the Cuban governments in the context of the prevailing bipolar order of international relations, made the 1959-1962 period a key point in the bilateral relationship, setting the rules of engagement for years to come.

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THE CHRÉTIEN YEARS: EVALUATING 'CONSTRUCTIVE ENGAGEMENT'

PETER MCKENNA AND JOHN M. KIRK*

Isolation leads nowhere. But if we are engaging them, discussing with them, offering help ... the people of Cuba and the President of Cuba will certainly be happy to have a dialogue

Prime Minister Jean Chrétien (*The Globe and Mail*, 1998: A2).

A fair amount of media attention has focused on the strained nature of Canadian-Cuban relations under the conservative government of Stephen Harper. Just prior to the opening of the Fifth Summit of the Americas in Trinidad and Tobago, to which Cuba was not invited, Prime Minister Harper discussed Cuba's absence with Fox News in the context of his credentials as an "anti-Communist Conservative" (Clark, 2009: A12). For his part, Fidel Castro, writing in the pages of state-run *Granma*, wrote scathingly of PM Harper as "an openly rightist man and the only one to have been ill mannered toward Cuba" (Castro, 2009: 1). By mid-May 2009, the Cubans had decided to cancel abruptly a scheduled visit to Havana by Peter Kent, Canada's Minister of State for the Americas, and Ottawa reciprocated by delaying a visitor's visa to Rodrigo Malmierca, Cuba's Minister for Trade and Investment (Curry, 2009: A3; Kirk & McKenna, 2009).¹ This ongoing bilateral discord perfectly captures how not to structure or conduct Canada-Cuba relations in a post-Fidel Castro and Barack Obama era.

In sharp contrast, the Liberal government of Jean Chrétien (1993-2003) removed Canada's Cuba policy from a similar deep freeze during the Brian Mulroney years, and embraced a policy of constructively engaging the Cubans across a wide range of policy areas, particularly during the first five years. Gone were the shrill rhetoric, the pro-Washington policy prism, the severely curtailed diplomatic and ministerial contact, and the non-existent development assistance programme—to say nothing of the embarrassingly paltry sums of hurricane relief dollars (Kirk & McKenna, 1997: 122-145). Instead, Chrétien's Liberal government embarked on a strikingly different policy course—namely, one that emphasized contact over contempt, engagement over avoidance, and dialogue over virtual silence. In a word, Canada-Cuba relations would be framed in the context of a normal bilateral relationship, with its typical fits and starts. The central idea was a firm belief that engaging—rather than haranguing and ostracizing—the Cubans was the best way of fostering meaningful and positive political and economic change in Cuba.

* Peter McKenna is professor and chair in the department of political studies, University of Prince Edward Island. He has published widely on Canada-Cuba relations, Canadian-Latin American Affairs and Canada's relationship with the Organization of American States (OAS). Among his books are *Canada and the OAS: From Dilettante to Full Partner*, *Canada-Cuba Relations: The Other Good Neighbor Policy* (co-authored) and *Competing Voices from Revolutionary Cuba* (co-authored). His most recent work is a forthcoming edited volume entitled, *Canada Looks South: In Search of an Americas Policy*.

John M. Kirk is professor of Latin American studies, Dalhousie University. He is the editor of the "Contemporary Cuba" series at the University Press of Florida, and a member of the editorial board of *Cuban Studies* and the *International Journal of Cuban Studies*. His most recent publications are *A Contemporary Cuba Reader*, and *Cuban Medical Internationalism: Origins, Evolution and Goals*.

¹ For the record, Kent did subsequently travel to Cuba in November for a three-day visit.

The bilateral conversation was not always fruitful during Chrétien's ten-year period as Canada's Prime Minister. As we show here, the first five years of the Chrétien period were successful in developing a policy of constructive engagement, while the remaining years saw a significant downturn in bilateral relations. However, the overall principle itself—that is, what quickly became known in policy circles as constructive engagement, or principled pragmatism—remained in place, however tenuous at times, for all of Chrétien's ten years in office. By examining the strengths and weaknesses of this approach, there are important policy lessons on how to craft a prudent and effective Cuba policy for Canada. The purpose of this article, then, is threefold in nature. First, it seeks to outline the nature and extent of Canada-Cuba engagement with its various twists and turns from 1993 to 2003. Secondly, it identifies both the most and the least effective approaches in terms of strengthening bilateral relations. Finally, and with an eye toward the Chrétien interregnum, it concludes with a series of public policy recommendations for Canadian governments (current and future) to contemplate if they wish to strengthen ties with Cuba—especially in light of the changing US-Cuba dynamic.

Chrétien Engages Castro's Cuba

In 1993, after Chrétien had won a majority government, few commentators could have predicted that Canada's relationship with Cuba would become a key component of the new government's foreign policy universe. The tone of Canada's Cuba policy was set very early by Foreign Affairs Minister André Ouellet when he opined, "It is time to turn the page on Cuba. The Cold War is over" (Whitefield, 1994: 8A). Chrétien clearly desired to differentiate his government's approach from the foreign policy posture of the United States, and to revitalize what was once a politically popular bilateral relationship under his colleague and former Prime Minister, Pierre Trudeau. The role of Foreign Minister Lloyd Axworthy (who took over from Ouellet in early 1996) was also critically important, since he took a keen interest in Cuban. Put simply, the Canadian-Cuban relationship took on added significance during the Chrétien years for symbolic, personal, commercial and electoral reasons.²

Addressing the June 1994 Annual General Assembly of the Organization of American States (OAS) in Belém do Pará, Brazil, Secretary of State for Latin America and Africa, Christine Stewart, noted Canada's desire to see Cuba reintegrated into the hemispheric community of states. In her prepared remarks to the Assembly, Stewart stated pointedly that Cuba's continued exclusion from the Organization—which had been undertaken largely at the behest of the United States in early 1962—was an unhealthy situation for all of the countries of the Americas. In an obvious reference to US policy toward Cuba, Ms. Stewart went on to explain clearly, "It is in all our interests, individually and as an organisation, as well as in the interests of the people of Cuba, that we support a process of change in Cuba that is positive and orderly" (Canada, 1994: 4). This would become a key underlying motivation of Canada's engagement policy toward the government of Fidel Castro.

Only weeks later, Minister Stewart made known Ottawa's intention to include Cuba on its list of countries in the Americas that would be eligible for Canadian development assistance. This was important because it sent out the message that Cuba, which had previously been cut

² During the Chrétien years, bilateral trade more than doubled from \$305 million in 1993 to roughly \$630 million in 2003. This has continued, and the figure for 2008-2009 was in excess of \$1.6 billion. For a more in-depth treatment of the advantages and benefits that Canada derives from its relationship with Cuba, see McKenna, Kirk & Climenhage (2002: 63-66).

off from Canadian aid in 1978 by Prime Minister Trudeau because of Cuban involvement in the Angolan war, was now back in the good graces of the Canadian government. After lengthy, and often difficult negotiations, both countries agreed in 1996 to re-institute a formal government-to-government aid package, beginning with a modest sum of \$30 million over a five-year period. By 2008, a total of \$136 million had been provided in Overseas Development Assistance (ODA) by Canada, which quickly became one of Cuba's largest bilateral aid donors—in hopes of better situating itself so as to have more influence over any reform process in Cuba.³ As it turned out, the lion's share of the initial funding was allocated for good governance and strengthening civil society groups within Cuba, including financial assistance for Cuban non-governmental organizations (NGOs), human rights bodies, and various administrative ministries within the Cuban government itself. Of particular significance was the fact that Canadian officials were careful not to impose conditions on the aid monies or to link these funds to any appreciable change in the country's human rights protections, democratic freedoms or economic liberalization.

Interestingly, the Chrétien approach of engaging Cuba manifested itself at the first Miami Summit of the Americas in 1994, which the Cubans were precluded from attending. In responding to US President Bill Clinton's critical comments about Cuba's lack of democratic pluralism and respect for basic human rights, Prime Minister Chrétien pointed out that Washington's policy of isolating and punishing Cuba was not beneficial for hemispheric relations—or, for that matter, the Cubans themselves. He went on to note, "We have a right to disagree with that position. For us, it is the normalization [of relations] that will lead to more democracy" (CubaINFO, 1994: 3), and in further emphasizing Ottawa's policy of constructively engaging the Cubans, Secretary of State Stewart argued that Canada "would hope that when other summits are held in the hemisphere that Cuba be present at the table. We as a nation will work to see that happens, and we will work with others in the hemisphere to see that happens" (CubaINFO, 1994: 3).

Dialogue at the ministerial level, begun almost immediately with the new Liberal government, continued with the marking of the fiftieth anniversary of diplomatic ties between Canada and Cuba in March of 1995. On a mostly working visit to Ottawa, Cuban Foreign Minister Roberto Robaina met with a group of cabinet ministers and senior Canadian foreign policy officials. While the visit drew sharp criticism from some members of the US Congress, the bilateral meetings went ahead in a cordial and professional atmosphere. The discussions, for the most part, focused on trade and investment considerations, international political developments, and questions about deepening economic/financial and fisheries cooperation. As is often customary, Canadian officials raised, in a respectful and sensitive manner, the thorny issue of democratic development and human rights considerations with their Cuban counterparts. It is worth noting here that this issue about rights has always been a bone of contention between the two countries—largely because of radically differing interpretations of democracy and human rights. At the June OAS General Assembly in Montrouis, Haiti, Minister Christine Stewart once again confirmed Canada's preference for interacting and dialoguing with the Cubans, including discussions on the touchy subject of human rights.

³ For more on the early facets of this programme, see Hogue (1998: 1-17).

... While Canada recognizes that there is still much progress to be made in Cuba, in particular in the areas of human rights and democratic development, we believe that the OAS should begin to examine ways of opening up a similar dialogue with Cuba, looking toward the day when conditions will be appropriate for its reintegration into the inter-American system (Canada, 1995: 3).

By early 1996, and with the US moving to isolate Cuba further, it is fair to say that the profile of Canada-Cuba relations was enhanced with the appointment of progressive Axworthy (once dubbed “Pink Lloyd”) as Chrétien’s new Minister of Foreign Affairs. He expressed a personal interest in things Cuban, was ideologically sympathetic and worldly, and was a major proponent of constructive engagement with respect to revolutionary Cuba (Canada, 1997b: 1-11). At one point, he even underscored the illogic of US policy toward Cuba by highlighting its diplomatic efforts to engage with Communist China, while holding the Cubans to a higher standard.

“I wouldn’t call it hypocrisy, but I would say there is a certain inconsistency [in US foreign policy] that should be examined. They want to engage in a constructive dialogue with the Chinese. I think that is pretty good advice, but I think it should apply equally 90 miles offshore,” he explained pointedly (Fagan, 1996: A1).

Unlike the Americans, Axworthy was also most anxious to convene serious bilateral discussions with the Cuban government on a host of related policy areas and issues.

It was during this same period, and even after the Helms-Burton law (the innocuous sounding Cuban Liberty and Democratic Solidarity Act) was promulgated in early 1996, that the Chrétien government launched diplomatic pressure to have the anti-Cuba law rescinded. Canadian officials, much to the delight of the Cuban government, took their case to various international fora, passed domestic “antidote” legislation to counter the application of Helms-Burton, and threatened to challenge its provisions under the North American Free Trade Agreement (NAFTA) dispute settlement process. As International Trade Minister Art Eggleton once explained, “Helms-Burton is an unwarranted move to extend the arm of US law into trade between other countries” (Canada, 1996: 1; McKenna, 1997). Canada could ill afford, especially given its dependence on the US export market and trade in general, to permit US laws to have extraterritorial application for Canadian businesses and for the wider world trading system. Foreign Affairs Minister Lloyd Axworthy declared,

It just confirms my own deep anxiety that Helms-Burton is causing a real disruption in the larger trading system. That’s something we’ve all worked almost a decade to bring about, which is an effective world trading system with a set of rules, is going to be thrown off track by Helms-Burton (Canada, 1996: 1).

It was also clear that the Chrétien Liberals viewed Helms-Burton as an attack on Canada’s Cuba policy and its preference for engaging and dialoguing with the Cubans. According to Minister for International Cooperation, Pierre Pettigrew,

Canada believes that a foreign policy of constructive engagement is the best approach for advancing political and economic reform in Cuba. Although we share similar goals with the United States, we consider that measures such as the Helms-Burton Act are highly counter-productive (Canada, 1996: 1).

Feeling pressure from Canada's business community and the public at large, it was also important politically for Prime Minister Chrétien to be seen as standing up to the Americans over the anti-Cuba law. In April of 1997, Chrétien, while meeting with powerful congressional leaders on Capitol Hill, was particularly blunt: "If you want to have an isolationist policy, that's your business. But don't tell us what to do. That's our business" (Russo, 1997: A1).

Even after the Cuban air force shot down two civilian Cessna aircraft in February 1996, the Chrétien government still remained firmly committed to its engagement *modus operandi*. In fact, at the June 1996 OAS General Assembly in Panama City, Minister Stewart expressed the Canadian government's strong opposition to isolating Cuba and treating it like a pariah state in the Americas. "Isolationism is not the answer. Canada values its friendship and over 50 years of unbroken relations with Cuba, but this has not stopped us from expressing our concerns on that country's human rights performance," she said. However, in more provocative language, and with an eye toward the civilian aircraft shooting incident, Stewart went on to explain to the assembled plenary session that "policies of isolation do not prevent such tragedies; indeed, they only give rise to the hardening of militant policies and reinforce the wrong kind of nationalism and political rigidity" (Canada, 1996a: 6).

With Cuba firmly placed on Axworthy's diplomatic radar screen, he undertook a pivotal two-day visit to Havana in late January 1997, twenty years after Pierre Trudeau's stay there. Over the course of high-level discussions and negotiations, both sides agreed to a much-heralded 14-point Canada-Cuba Joint Declaration of the Ministers of Foreign Affairs of Canada and Cuba for bilateral cooperation in a variety of areas—including human rights, good governance, and economic development. This trip, which was vigorously opposed by officialdom in Washington and even by parts of the Canadian media, marked the first time in almost 40 years that a Canadian Foreign Minister had actually set foot on Cuban soil, garnering front-page news in Havana. Evidently, Axworthy spent several hours with President Castro himself—reportedly well into the early hours of the morning—discussing a wide range of bilateral issues and world developments.

As tangible results of Canada's engagement approach, and following up on the 14-point Joint Declaration, a series of bilateral initiatives were undertaken over the next ten months or so. In March 1997, the Speaker of Canada's House of Commons and the President of Cuba's National Assembly signed a Memorandum of Understanding to hold two parliamentary/ legislative seminars on the workings of federalism, the role of parliamentarians, and human rights commissioners. Two months later, a seminar on the rights of children—attended by non-governmental organizations and Canadian and Cuban officials—was held in Havana. A similar seminar in June, this time including Foreign Minister Axworthy and Minister for International Co-operation Diane Marleau, focused specifically on the rights of women, dealing with issues of women's health, the advancement

of women and women's rights and sustainable development. In the careful words of Axworthy:

Creating a forum for an open exchange of ideas and experiences between our two countries is an important way that Canada and Cuba can contribute to the development of women's rights, and indeed broader issues of human rights. We are pleased that, through this seminar and other similar activities, Cuba has agreed to work with Canada in an open and constructive fashion as outlined in the Declaration signed in January (Canada, 1997a: 1).

While attending the first OAS Washington Conference of the Americas in early 1998, Minister Axworthy once again reiterated his support for Canada's policy of dialogue and exchange with the Cuban government. In his closing keynote address, he noted that "it is time to start building bridges with Cuba and engaging it on issues of concern, in order to encourage positive change" (Canada, 1998: 5). He pointed to the recent visit to Ottawa of Vice-President Carlos Lage, and singled out Canada's agreement to accept a number of Cuban political prisoners as evidence that dialogue and engagement can produce positive results: a new air transport agreement, renewal of a bilateral anti-hijacking treaty, and discussions on regional and global stability for both countries. Axworthy also reminded his audience of Canada's continued support for Cuba's full re-integration into the inter-American fold, and the role that the hemispheric forum could play in engaging the Cubans. According to Axworthy, "surely the time has come for all OAS members to consider when the suspended 35th member of the organisation, Cuba, could once again be seated at the table" (Canada, 1998: 5).

Arguably, in symbolic terms at least, the high point of Canada's policy of constructive engagement was the April 1998 visit to Cuba of Prime Minister Jean Chrétien.⁴ Yet things did not go according to plan. According to Chrétien's senior foreign policy adviser, James Bartleman, there was an immediate clash of personalities and future visions for Cuba between Castro and Chrétien. At one point, Chrétien abruptly cut off Castro in full rhetorical flight and asked whether the proposed Civilian Complaints Commission, which had been mentioned in the 14-point Joint Declaration, would be empowered to investigate human rights complaints in Cuba. In the words of Bartleman (2005: 298): "Castro's face betrayed all manner of emotion, passing from astonishment to anger and then to bitterness." With their meeting turning increasingly tense, President Castro asked Chrétien if Canada would be prepared to help fund a program to pay Cuban doctors to administer to the poor and destitute in Haiti. Without missing a beat, Chrétien asked why it would not be possible for Canada to fund a program to have Cuban soldiers remove anti-personnel landmines from places like Angola and Mozambique. "He [Castro] would have walked out the door, I believe, had he not been in his own office," writes Bartleman dryly (2005: 299).

The visit was of symbolic importance—the first by a Canadian leader in three decades—but it produced few tangible benefits. There was no major progress on the human rights front, despite a vague promise from President Castro to consider signing onto the UN International Covenant on Economic, Social and Cultural Rights (which it did, along with the Covenant on Civil and Political Rights, in February 2008). Still, Chrétien lectured the Cuban leader, in what were reportedly some testy exchanges, on the kinds of political and economic reforms

⁴ Apparently, when PM Chrétien and Fidel Castro ran into one another at the 50th anniversary of the United Nations in October 1995, Castro invited Chrétien to visit Cuba.

that Cuba would need to make in order to be welcomed back into the wider hemispheric family. Lastly, the Prime Minister briskly asked for the release of four prominent political prisoners, the so-called Group of Four or the Dissidence Working Group. He also had some of his officials meet with a select group of Cuban dissidents, and met personally with Cuba's Catholic Cardinal, Jaime Ortega, in Havana.

Two months later, Canadian officials returned to Cuba to test the diplomatic waters to see whether their Cuban counterparts might be interested in rejoining the OAS, from which it had been excluded in January 1962. While full reintegration into the Organization was broached, the question of close cooperation in a host of other functional areas—such as narcotics trafficking and the then Inter-American Drug Abuse Control Commission, the Pan American Health Organization (PAHO), and confidence- and security-building measures—was also discussed. However, as these kinds of issues made their way up the chain of political control, and out of the hands of foreign policy bureaucrats, Cuba's enthusiasm waned correspondingly. For the most part, the Castro government had long been cool toward the OAS, still viewed it as largely a US-dominated talk shop, and was more interested in pursuing regional arrangements with other members of Latin America and the Caribbean. This parallel approach of the Cubans was successful, and by late 2009 it had established diplomatic relations with the entire Western Hemisphere.

In December 1998, a small group of senior staffers from Axworthy's office met with Cuban officials in Havana to set the stage for a second visit by Canada's Foreign Affairs Minister. After a fairly productive series of meetings between officials, Axworthy's visit was set for early January—where he was slated to meet with President Castro and senior cabinet-level members of his government. In the main, the meetings were intended to exchange notes on the International Criminal Court (which Cuba refused to join), to take stock of the 14-point Joint Declaration, and to set a course for the accord's subsequent implementation. There was also some movement on allowing ten Canadians being held in Cuba for alleged drug-trafficking charges to serve out the rest of their sentences in Canada. Besides signing a handful of minor bilateral agreements, however, Axworthy was insistent on revisiting Chrétien's demand that the Group of Four political dissidents be released (Agence France Press, 1999: 12), but after three hours of mostly unproductive and difficult talks with President Castro, Axworthy left with no movement on the dissident front and serious concerns about the state of Canada-Cuba relations.

When Havana eventually announced the stiff prison sentences, which ranged from three to five years, for the leaders of the Group of Four in mid-March 1999, the Chrétien government, annoyed that its requests had been rebuffed, responded quickly and decisively. Canada expressed its displeasure in a tersely worded statement from the Prime Minister's Office (PMO) that read, "Cuba sends an unfortunate signal to her friends in the international community when people are jailed for peaceful protest" (PMO, 1999: 1). Minister Axworthy later said that he had complained to the Cuban authorities about the prison sentences but "we were basically told to mind our own business" (Martin, 2001: A13). Accordingly, the Prime Minister ordered a full review of bilateral relations, effectively halting Canadian efforts to reintegrate Cuba into the hemispheric fold, suspending any planned ministerial visits (including a trade mission to Havana), and cancelling a joint Canada-Cuba health care

program in Haiti—although stopping well short of imposing economic sanctions or aborting initiatives designed to facilitate political liberalization in the country. One Canadian official succinctly summed up Ottawa’s changing response in the following manner: “continued engagement, curtailed activity”.⁵ As Chrétien himself had commented in his response to persistent media questions: it was time to put some “northern ice” into the relationship.

Indicative of the frosty nature of Canadian-Cuban relations, not even the new Cuban Ambassador, Carlos Fernández de Cossio, could escape a chilly reception in June 1999. After presenting his diplomatic credentials to Canada’s Governor-General, he was asked by reporters whether he was concerned about the deteriorating state of Canada’s longstanding friendship toward Cuba. “We have learned in the past to deal with our differences and we can do that again,” he replied carefully (Sallot, 1999: A1). However, the view within the Pearson Building in Ottawa was more critical: “Cuba suffered a diplomatic setback that hopefully will require them to kind of think about why this is happening”. That same foreign policy official went on to say firmly, “They are aware of increased scrutiny on our part, both in terms of future projects and programs and development assistance and ministerial visits and to engage our assistance on broader global issues” (Thompson, 1999: 1).

The already icy bilateral relationship took another turn for the worse at the Pan American Games in Winnipeg in late July 1999. After several high-profile Cuban athletes had sought political asylum in Canada (while a Cuban high-jumper failed his drug test), President Castro took the occasion of his July 26 speech to the Cuban people to castigate “so many tricks, so much filth” at the Games. In words that were characteristically reserved for the United States, he explained in harsh language that Cuban athletes were “competing in enemy territory” (Fife, 1999: A10). The Prime Minister’s Office issued a subsequent statement that declared: “We are disappointed at the harsh and accusatory tone of President Castro’s remarks in which he accused Canada of rigging the Pan American Games to its own advantage” (Fife, 1999: A10). It was no surprise that Castro’s ill-conceived comments had done little to melt the thick ice that had encased the Canada-Cuba relationship by the end of 1999.

The beginning of the new millennium did not usher in a warming in official relations between the two countries. In fact, a diplomatic brouhaha erupted between Ottawa and Havana in March 2000 over a seemingly minor visa matter. In an action ostensibly designed as a favour to the Cuban government, Ottawa agreed to provide a 48-hour transit visa for Cuban diplomat José Imperatori—deemed *persona non grata* by the US government—so that he could make his way back to Havana via Montreal. But rather than resolve itself through the normal course of events, it needlessly turned into a minor diplomatic embarrassment for the Canadian government when Imperatori refused to leave the grounds of the Cuban embassy in Ottawa when his visa expired (Pearlstein, 2000: A11). After some tough words from Minister Axworthy and delicate high-level discussions, Imperatori finally agreed to depart the embassy compound, leaving Canadian officials annoyed about being caught in the middle of the US-Cuba propaganda war and being exploited by the Cubans. For them, the Cubans had given their solemn promise that Imperatori would leave the Cuban embassy long before the exit visa had expired, but as one Canadian official remarked, “It was like getting a finger stuck in your eye when you reach down to help someone get up after they’ve fallen.”⁶

⁵ Confidential interview with a Canadian Foreign Service officer, June 8, 2000. See also Barthos (1999: 1).

⁶ Confidential interview with a senior Canadian foreign policy official on March 2, 2000.

Even with the release of three members of the Group of Four in May 2000, Canadian officials were still giving their Cuban counterparts the diplomatic cold shoulder. When Cuba's Ambassador was called into DFAIT, he was told by Canadian officials that Havana had not gone far enough, and that the fourth dissident, Vladimiro Roca, should also be set free immediately.⁷ The Cubans, for their part, explained that the prisoner release was not intended to send a political message to Ottawa or anyone else; instead, the measure was undertaken because the three qualified for conditional release under normal judicial rules in Cuba.⁸ In response to Cuba's stand, and in light of Canada's cooling relationship with Havana, Canadian officials indicated that the timing was not favourable for the approval of a new Cuban consulate in Vancouver. Finally, at the June 2000 OAS General Assembly in Windsor, Ontario, the issue of Cuba did not make it onto the official agenda—and the Cubans failed to attend, even as observers.

There was no sign of any thaw in bilateral relations with the appointment, just prior to the November 2000 federal election of John Manley as Canada's new Minister of Foreign Affairs. From the beginning, it was clear that this former industry minister would not replicate Axworthy's interest in Cuba or his personal commitment to enhancing Canadian-Cuban relations. Indeed, in mid-March 2001, Foreign Minister Manley confirmed what most people had already suspected—namely, that Cuba would not be invited by the host country, Canada, to attend the Third Summit of the Americas in Quebec City.⁹ Speaking before Canada's Foreign Affairs and International Trade parliamentary committee, Manley was unequivocal: "Canada agrees that Cuba is not ready to participate in the summit because it lacks a commitment to democratic principles" (McKenna, 2001: 9A). He then went on to say pointedly, "There hasn't been any demonstration of an acceptance of democratic standards" (Jack, 2001: 7A). Clearly, the Chrétien government was still annoyed at the Cuban approach to the human rights question, and wanted to send a very definite message of disappointment to the political leadership in Havana.

At the conclusion of the Summit, the frostiness of the Canadian-Cuban relationship was once again evident in Chrétien's closing comments about Castro's absence from the table. For the most part, he intimated that the Cubans had no one to blame but themselves, and he stressed that future acceptance of Cuba into the inter-American community would require changes in the areas of democratization and human rights. He also said that he had tried to assist the Cuban government during his April 1998 visit to Havana, pleading with President Castro to improve his country's human rights record in exchange for easing Cuba back into the inter-American fold. According to Chrétien, he told Castro plainly, "Let us help you to help yourself, and Castro said 'no' to that" (CBC, 2001).

Six days later, Castro showed his irritation with the Canadian government and Chrétien's provocative closing remarks—voicing his displeasure publicly at an hour-long nationally televised roundtable discussion in Havana. An obviously animated Castro used words like "fanatic" and "a tool of US foreign policy" to describe Chrétien and his statements about Cuba's absence from the Americas Summit (Adams, 2001: A12). Castro went on to say that

⁷ Confidential interview with a senior Canadian official, June 10, 2000.

⁸ Confidential interview with a DFAIT official, June 8, 2000.

⁹ Even though Canada was a strong supporter of Cuba attending the Miami Summit, a host of reasons were given as to why Cuba would not be given an official invitation to the Americas Summit in Quebec City—ranging from the fact that Cuba did not endorse a hemispheric free trade agreement to not having the proper democratic credentials. The fact of the matter was that Cuba's presence would have meant the absence of the United States, and Canadian officials were not prepared to make that trade-off (Alberts, 2001: D2; Knox, 2001: A7).

former Prime Minister Pierre Trudeau would never have said publicly that he had spent four hours lecturing the Cubans on human rights when they had not requested that advice in the first place.¹⁰ Significantly, the 2001 May Day parade shortly afterwards witnessed Chrétien being satirized as a US puppet—a clear indication that the relationship was in some serious trouble.

After almost twenty months of Canadian-Cuban relations effectively frozen in time, there was a slight melting of the bilateral ice when a junior cabinet minister from the Chrétien government visited Cuba in November 2002.¹¹ As the Secretary of State for Latin America and Africa, Denis Paradis led a trade mission, along with a handful of parliamentarians and representatives from seventy Canadian companies, to participate in the twentieth Havana International Trade Fair. In part, the visit was a response to concerns within the Canadian business community that the Americans were positioning themselves for a post-embargo Cuba, and thus likely to pose a serious challenge to Canada's longstanding niche market in Cuba. Paradis also met with senior Cuban officials, inaugurated a cultural exhibit commemorating Pierre Trudeau's life, and spoke with students at the University of Havana (Sallot, 2002: A6).

However, just as bilateral relations were beginning to thaw somewhat, the Cuban government lowered the temperature once again five months later. Clearly, the early April 2003 actions by the Cuban government to arrest outspoken domestic opponents were a setback for the Canadian-Cuban relationship. Not surprisingly, the international outcry was loud and critical, manifesting itself in toughly worded resolutions at the annual UN Human Rights Commission session in Geneva. Ottawa was unlikely to look positively on the largest crackdown and sentencing of dissidents in Cuba in several decades—with some seventy-five critics being sentenced to jail terms ranging from six to twenty-eight years. Foreign Affairs Minister Bill Graham protested loudly against the arrests, the subsequent trial process, and the stiff prison sentences—dismissing any suggestion that the punishment could be justified on national security grounds (DFAIT, 2003: 1).

Initially, Canada's response was low key and cautious—perhaps reflecting the bureaucratic battles being waged within the Department of Foreign Affairs between the hawks and doves on the Cuba file. However, shortly thereafter Cuba's Ambassador to Canada was called in and told bluntly that Ottawa had “extreme concern” over the dramatic clampdown and was “deeply disturbed” by the tough prison sentences meted out (Knox, 2003: A8). In addition, a protest letter was handed over to the Cuban emissary to present to Cuba's Foreign Minister, Felipe Pérez Roque. Two weeks later, Canada supported an OAS resolution condemning human rights abuses in Cuba and calling on Havana “to immediately free all unjustly arrested Cubans” (Bachelet, 2003: A10). At the annual OAS General Assembly in Chile, Graham intimated that Canada would be prepared to support an OAS-endorsed resolution calling for the imposition of non-economic sanctions against Cuba—including a halt to all high-level ministerial meetings with Cuban government officials.

¹⁰ He also spoke about the March 1999 “arrogant, interfering and vengeful” letter from Foreign Affairs Minister Lloyd Axworthy, which abruptly cancelled a bilateral understanding to jointly finance an emergency medical team from Cuba, which would be sent to the impoverished Haiti.

¹¹ It is worth mentioning that a Canadian citizen, James Sabzila, was convicted by a Philadelphia court in April 2002 on twenty counts of violating the US Trading with the Enemy Act for selling water purification supplies to the Cuban government. As Canadian foreign policy officials pored over the legal decision, a departmental spokesperson pointed out that “in Canada, commerce with Cuba is lawful, and we’ve always, always objected to US attempts at prohibiting Canadians from trading with Cuba” (Ibbitson & Chase, 2002: A1).

In sum, the Canada-Cuba relationship during Jean Chrétien's ten years as prime minister experienced the high and lows of any other ordinary bilateral relationship—something which has been emblematic of their overall relations since 1959. To be sure, it passed from the (symbolic) high point of Chrétien's April 1998 official state visit to the low point of curtailed engagement for the 1999-2003 period. Clearly there were two distinctive halves in terms of the state of bilateral ties. While there was no disputing the fact that the overall relationship in the waning years of the Chrétien era was particularly strained, it was never irreparably severed or broken. Canada and Cuba clearly have strong differences of opinion on many matters. Simply put, it is a normal relationship, and one in which both sides agree to disagree on certain policy questions: it is normal (in contrast to the abnormal and dysfunctional US-Cuba dynamic), and is based upon the ability to discuss these differences openly and professionally. Indeed, when asked about the April 2003 crackdown at a press conference, Prime Minister Chrétien remarked carefully, "I believe it's better to be engaged and talking than to ignore the problem. ... I know that if you don't do anything it could be much worse" (*National Post*, 2003: A15).

Assessing Chrétien's Cuba Policy

Two fundamental questions are addressed in this section: How do we evaluate what worked in terms of Canada-Cuba relations during the Chrétien years—and what did not? What lessons can we deduce from the decade in which the first five years (1993-1998) were marked with notable success in strengthening the bilateral relationship, while the remaining years (1999-2003) ended in a diplomatic stalemate? Of course, how one defines success is a complicated proposition. Robert Wright (2009: 217) claims, with some insight, "constructive engagement has failed, it is true, but engagement has not." He believes that the former approach failed because of a fundamental disinterest on the part of Cuba:

Chrétien's decision to visit an intransigent Castro was a decisive fork in the road for his Cuba policy. ... Fidel Castro had sent a clear message to the Prime Minister that he would brook no outside interference in Cuba's domestic affairs. He was plainly not interested in being engaged constructively (Wright, 2009: 206).¹²

Yet this is not completely correct, since constructive engagement did not hinge solely upon any such interference. Admittedly, Ottawa wanted eventually to encourage a political transition towards a liberal democratic model and market economy, but the strategy considered was very loosely focused, and based largely upon general philosophical concepts. At the risk of splitting hairs, then, one can at least argue that constructive engagement was extremely successful from 1993-1998, and that regular engagement maintained the diplomatic dialogue, but produced few tangible benefits for Ottawa. (That said, it did result in a steady increase of Canadian tourists to Cuba, a growth in cultural, academic and NGO exchanges, and a significant increase in both bilateral trade and in investment).

Putting semantics to one side, it is clear that, despite friction in later years, Canada and Cuba did engage in a policy of honestly seeking to understand and collaborate with each other. It is also clear that there were some major challenges along the way, and problems that threatened to derail the process. In essence, the approach used by Ottawa sought to re-

¹² For more critical evaluations of Chrétien's engagement approach, see Warren (2003: 1-12); Bell, Rothman, Schiff and Walker (2002: 1-31).

introduce an emphasis on promoting communication, rather than isolation, with Cuba. We argue, therefore, that engagement, however one defines it, was in general far more productive than isolating and punishing the Cuban government and, as such, was a policy success for both Canada and Cuba. For example, there were aspects of the Chrétien government's engagement approach (constructive or not) that worked reasonably well—such as dialogue, ministerial exchanges, and high-level visits. Most of these undertakings were well received by the Cubans, came without any diplomatic strings attached, and set the stage for bilateral discussions on the sensitive issue of human rights. Canada's opposition to mainly US efforts to ostracize and sanction Cuba in various multilateral fora—especially on the US embargo and Helms-Burton—was also viewed most favourably by Havana. Often, though, the major flaw in this *modus operandi* came in the actual execution, particularly the specific details of the exchanges and the heavy-handed tact that was adopted periodically by the Canadian side. Put another way, there was a serious failure on the part of Canadian officials to recognize that the Cubans march to the beat and pace of their own drum and drummer. Ottawa did not understand the underlying principles at play in revolutionary Cuba.

This was particularly noticeable in and around the high-profile visit of Prime Minister Chrétien to Cuba in April 1998. In fact, James Bartleman, Chrétien's principal foreign policy adviser, maintained that the visit itself should not have taken place until the Castro government was first prepared to pay a price for the international credibility that such a meeting would confer upon Havana (Bartleman, 2005: 280). Three months before the visit, Bartleman met with President Castro to see whether he might be willing to make more concessions—especially on the human rights front. "I emphasized that human rights issues were of great importance to the Canadian people and to the Prime Minister personally, and that continued progress would lead to even closer Canada-Cuba relations" (Bartleman, 2005: 294). Fidel Castro reacted angrily to his remarks and refused to accept any concessions or conditions being attached to a Chrétien visit. "Don't ask Cuba to do anything which would damage it," argued Castro, "and Cuba will not ask Canada to do anything that would embarrass it" (Bartleman, 2005: 294). It was an important lesson on how not to engage the Cubans on bilateral matters. Clearly, constructive engagement was experiencing major challenges, in part because of the approach of Ottawa.

From the very beginning, the aggressive tone of Chrétien's demands did not go down well with his host, President Castro. For a variety of reasons, Chrétien decided to set aside diplomatic niceties and any low-hanging diplomatic fruit, and cut immediately to the more intractable human rights issues (Chrétien, 2007: 345). Evidently, Castro had been prepared—as a gesture of Canada-Cuba amity—to release three low-level political dissidents during Chrétien's visit. He was taken aback when Chrétien abruptly raised the stakes and called for the immediate release of the prominent Group of Four. As Bartleman explained, "It was at this point that Castro probably decided that the policy of constructive engagement with Canada had reached the limits of its usefulness" (Bartleman, 2005: 299).

The heavy-handed and inelegant Chrétien approach of pressing the Cubans aggressively, making unreasonable demands, and seeking to attach preconditions was a sure recipe for diplomatic failure. It most assuredly did not work for a variety of reasons—not the least of which was the fact that emphasizing civil and political human rights, while ignoring all

others is viewed in Cuba as a key plank of the one-dimensional US approach. It is one thing to raise the question of human rights in the context of a series of other bilateral matters, but to focus on this sensitive issue only, as Chrétien insisted, reeked of US-style diplomacy and was essentially a non-starter for the Cubans. What Chrétien and his officials forgot was that the Cuban government will not be pushed around (having survived all manner of US efforts to undermine the Revolution), told what to do, or have to answer for themselves to another country. By failing to understand and appreciate deeply felt Cuban pride, a potent and longstanding nationalistic sentiment, and an implacable sense of Cuban independence and sovereignty, Chrétien's ill-considered strategy on his visit was doomed from the very beginning.

Moreover, adopting a hard line toward Havana and resorting to undiplomatic language will be similarly unproductive. When Chrétien, at the 2001 Summit of the Americas in Quebec City broached the topic of Fidel Castro's intransigence, he talked about putting some "diplomatic ice" in the bilateral relationship, and harshly criticized the Cuban government for the April 2003 crackdown on dissidents. These slights only angered Havana. Pointing fingers at the Cubans, lecturing them about the importance of human rights issues and mimicking an ideologically laced US disposition will only result in alienating them. Singling them out as a conspicuous human rights villain, especially given the region's history of disappearances, unspeakable torture, and vicious military governments, will go absolutely nowhere with the Cuban leadership. As former Canadian Ambassador to Cuba, Keith Christie, once remarked, "The question is, how do you affect the system? You can shout at people, but this government doesn't take it very well. Or you can sit down with them and have an impact over time" (Philips, 1998: 43).

Ambassador Christie's view within the foreign policy bureaucracy, however, tended to be in the minority. Instead, the prevailing conservative viewpoint and tough line toward Havana among officials within the Department of Foreign Affairs and International Trade (DFAIT) often dominated during the Chrétien years. Put simply, it did not help to strengthen bilateral ties or to improve Canada's reputation in the hemisphere. There seemed to be a near-obsession with the human rights angle to the exclusion of the bigger picture in bilateral relations. The often-harsh exchanges with Cuban diplomats, especially during John Manley's tenure as Foreign Affairs Minister, the use of the UN Human Rights Commission meetings in Geneva to gang up on Cuba (often in concert with the Americans), and the scepticism of officialdom, were not particularly helpful in terms of cultivating a constructive Canada-Cuba relationship. This negatively disposed foreign policy establishment view was aptly captured when one Canadian official, who was asked to comment on the results of the Canada-Cuba 14-point Joint Declaration, deadpanned: "Sweet fuck all" (Philips, 1998: 43).

What did work effectively for the Chrétien government, however, was the unflinching preference to eschew the time-honoured US strategy of economic embargo, to discard the mentality of viewing Cuba as a rogue state or an outpost of tyranny (as the Bush administration saw it), and to dismiss any notion of ostracizing Cuba. Just prior to his departure for Havana in late April 1998, one senior Canadian government official explained once again:

Clearly, isolation has not achieved its end and I don't think the proponents of isolation can claim they've had a positive impact on Cuba. It's our view that the best way to impose your values on another country is through engagement (Tibbets, 1998: 12).

It also helped that Canada's engagement policy was bolstered by the quiet and purposeful diplomatic efforts of Lloyd Axworthy. His tact and disposition worked because he approached the relationship with professionalism, in a positive tone, and with respect. As he indicated upon his return from his January 1997 visit to Cuba, "The reality is that I think we've gone further than anything they [the Americans] have been able to accomplish, by building those bridges [and more successful than] holding a megaphone in a Senate committee room" (*The Globe and Mail*, 1997: A8; Farah, 1997: A23). The Cubans also appreciated his and Chrétien's repeated comments about the ineffectiveness of the decades-old US economic embargo. Just prior to Prime Minister Chrétien's April 1998 visit to Cuba, Axworthy explained his view clearly:

To criticize the US economic embargo against Cuba, and the Helms-Burton legislation, is not to argue for the status quo in Cuba. Rather, it is to react to an approach that runs contrary to our own. It is to criticize a policy that has proven unsuccessful in achieving its own stated goals and that is the source today of much suffering among the Cuban people (Axworthy, 1998: A23).

When Canada has worked quietly behind the scenes, adopted a more respectful tenor, and dialled back the harsh rhetoric, it has achieved greater diplomatic success. By studiously avoiding focusing exclusively and excessively on human rights concerns, for instance, the relationship was able to move forward. Indeed, it was within a posture of diplomatic dialogue, commercial exchange, people-to-people contacts, and a targeted development assistance programme that the Chrétien government was able to build up much-needed trust and credibility. Additionally, it did not go unnoticed that Canadian embassy officials in Havana deftly avoided meeting with any domestic dissident groups in Cuba—unlike various European countries that would routinely invite dissidents to their respective national day celebrations in the capital. It was on the basis of this trust and non-ideological discourse that Canada was able to raise difficult issues like human rights, democratization, and the release of political prisoners. Put another way, by putting in place a series of confidence-building measures—such as fostering university-level exchanges, commercial joint ventures, positive statements at the OAS, and talking tough about Helms-Burton—Ottawa's engagement policy was more productive.

If we were to summarize briefly the central lessons to be learned from the Chrétien approach to Cuba, one would need to begin with a proper understanding of one's potential partner, and the use of respect in any incipient dialogue. The Prime Minister's April 1998 visit to Havana is an obvious illustration of how this failed, since it revealed a critical point: you cannot browbeat the Cubans into doing something that they clearly do not want to do. As Castro indicated upon the departure of Chrétien from José Martí International Airport, "The only way to obtain nothing from Cuba is to put on the pressure" (Knox, 1998: A10), and raising the decibel level in bilateral discussions is equally fraught with difficulties.

Where Canada proved most successful—including in the area of human rights and democratic pluralism—was when it broached these topics with discretion and respect.

A simple lesson derived from the Chrétien period was that engagement worked best when there were no strings attached. In other words, insisting upon preconditions in order to move the bilateral relationship forward would only set relations back several steps. Again, this lesson was brought home in perfect clarity to the Canadian side after Chrétien's face-to-face demands fell flat with his Cuban hosts. The Cuban government, as we learned, works on its own schedule and timeline. It also bears repeating that Chrétien's policy of engagement was never conceived of as a quick fix or an overnight success. Additionally, there was a stark realization among Canadian officials that the only real alternative to engagement was a discredited US-style approach of ostracism and provocation. Instead, Chrétien and senior members of his cabinet saw it as a continuous work in progress—with the understanding that any fruit from this bilateral tree would likely ripen over a period of time.

Lastly, we learned that during the Chrétien years, the Canada-Cuba relationship functioned best when those at the top were fully engaged in the bilateral file. Clearly, the Canada-Cuba relationship—if it were to grow and prosper—needed to be cultivated, tended to, and nourished. Prime Minister Chrétien initially took a great personal interest in the Cuba file, ably supported by Foreign Affairs Minister Lloyd Axworthy. Conversely, one could easily notice a cooling off of relations between the two countries when John Manley took over the Foreign Affairs portfolio. As was also illustrated during the Chrétien period, it required the sustained attention of other cabinet members, senior officials in both DFAIT and the Prime Minister's Office (PMO), and, most important, Canada's ambassador in Havana. It is another crucial lesson for Canadian policy-makers: without this high-level engagement, the bilateral relationship will only wither on the vine and perish.

Conclusion

One reading of Chrétien's constructive engagement policy is that it was a failure. After all, it did not succeed in bringing Cuba any closer to the political or economic transition to which Ottawa (rather ingenuously) aspired. While clearly superior to the failed policy of Washington for five decades, there were few political deliverables, goes this argument. Yet there were, in fact, important tangible (and symbolic) results, particularly from the first half of the Chrétien decade. The significant increases in trade, investment, and people-to-people contacts (in particular with NGOs, cultural organizations, and universities, and of course with the rapid and steady increase in tourism) were particularly noticeable. In addition, the Chrétien government was able to emphasize the need for a distinctive Canadian foreign policy from that of his clearly pro-Washington predecessor—an approach that was greatly appreciated in Latin America, tired of Washington's interference. In these matters, the policy of constructive engagement was extremely useful in delineating a new Canadian role.

As a member of Pierre Trudeau's cabinet in the 1970s and 1980s, Jean Chrétien understood well the value of finding counterweights to the United States.¹³ Indeed, he was a student of Canada's largely symbolic Third Option initiative of seeking to find alternative trading partners to our southern neighbour. When he came to office in late 1993, he recognized that Latin America and the Caribbean would become increasingly important for

¹³ In many ways, the Chrétien approach of engagement was very much a continuation of the Trudeau position and Canada's historical linkages with Cuba (confidential interview with a Chrétien-era cabinet member, July 9, 2009).

Canada—for reasons of trade, immigration, security, and diplomacy. These are questions that are even more important today. What Chrétien, and those around him, also seemed to grasp was the importance of Cuba's role within the region, particularly in view of its high-profile medical internationalism, and leading role in the Non-Aligned Movement (NAM) for many years. Underscoring Chrétien's constructive engagement approach, then, was a recognition that Cuba clearly "punched above its weight" regionally as well as internationally. His government, and especially those in Lloyd Axworthy's office, understood that Ottawa's aspirations in the wider Americas would require a solid working relationship with Havana. Indeed, in light of the rapidly changing nature of US-Cuban relations, it is more important than ever for Canadian governments—now and in the future—to learn from former Prime Minister Jean Chrétien's policy of engagement toward Cuba, since it will benefit our policy throughout the region (Sheridan, 2009: A11). Sadly, this is an approach that the Harper government has yet to appreciate fully.

However, there are also some practical lessons to be learned from the constructive engagement policy. In borrowing a page from Chrétien's Cuba playbook, officialdom in Ottawa should move to swiftly implement a series of confidence-building measures. Along with curtailing the harsh rhetoric directed at the Cuban government, the Canadian government should move to increase (or at least encourage) ministerial visits, military and Coast Guard contacts, business and NGO interactions, and academic and cultural exchanges. It certainly behooves Canadian officials to set the correct tone for diplomatic discussions by acknowledging the Cuban Revolution's notable social achievements, and as the Chrétien government learned all-too-well, it is exceedingly counterproductive to hector and preach to the Cubans on only human rights questions, to ignore their deep desire for independence and autonomy, or to attach significant social, political and economic reforms as a pre-condition to any bilateral dialogue. This is not to suggest that Canadian officials should forget about raising concerns about human rights in a frank manner, but they should do so with sensitivity and finesse. It is also important for a Canadian government, irrespective of its political stripe, to recognize that Cuba will follow its own development path, and that, in the last analysis, Canada has precious little influence over its direction. Put simply, any Canadian prime minister—as did Prime Minister Chrétien—should make it perfectly clear to the Cuban people that his government does not seek to undermine Cuba's right to choose its own economic and political system.

While it is important to appreciate the idiosyncrasies of revolutionary Cuba, this does not mean acceptance of them. The Chrétien government, of course, recognized that confidence building in the relationship was extremely important if Canada was going to reduce the tensions felt in Havana around any external recommendation about political and economic reform. There are many ways that this process could develop, and the Canadian approach of 1993-1998 was instructive, since many useful initiatives were introduced. As previously mentioned, it was important to maintain greater interaction between representatives from both countries—among government leaders and ministers, business representatives, MPs, intellectual, cultural and academic delegates, and especially among people from various branches of civil society writ large.

In sum, it is worth emphasizing that Canada and Cuba clearly drew closer during the ten years when Chrétien was at the helm, particularly during the first period—and both obtained significant benefits. In part, this was due to significant economic pressures in Cuba during the Special Period in Time of Peace and a desire by the Chrétien Liberal government to put some much-needed distance between Ottawa and Washington via Havana.¹⁴ (He also believed—incorrectly—that Ottawa would be able to foster political and economic change in Cuba along Western, liberal lines). However, it was the underlying approach, the tone and tact adopted, and the specific measures implemented under the banner of constructive engagement that served to strengthen the relationship between the two countries. Even when stresses and strains were affecting negatively Canada's approach, Chrétien realized that open channels of communication, a respectful tone, and multi-pronged areas of interaction were the correct way to move forward. Perhaps he said it best—after some time to reflect—in his memoir: "I thought that isolating the island with boycotts, sanctions, and threats of invasion had not helped" (Chrétien, 2007: 343). Canadian governments, now and well into the future could do a lot worse than emulating the Chrétien experience of constructive engagement when it comes to enhancing and revitalizing the Canada-Cuba relationship.

¹⁴ Members of the government were often told in clear and unequivocal terms by senior US cabinet-level officials that they were dissatisfied with Canada's position on Cuba. But they would invariably and firmly respond by stating that "our policy is working in Cuba and yours is not" (confidential interview with a former Chrétien-era cabinet minister, July 9, 2009).

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CANADA-CUBA RELATIONS: AN AMBIVALENT MEDIA AND POLICY

HEATHER N. NICOL*

Introduction

What a difference a decade makes. While in the mid- to late-1990s the Helms-Burton Act, passed by the US Congress, created a outcry of media protest and support for Cuba in the press, by 2009 media coverage had become increasingly sparse and much more critical of Cuba, raising questions of whether a broad and general change in public sympathies related to Cuba had developed, or whether this was a media phenomenon resulting from greater access to Cuba and a broadening of reportage. Was another mutually reinforcing shift and convergence underway between critical media accounts, parliamentary discussions, and public opinion surrounding Cuba, much as there was in the late-1990s, when both press and Parliamentarians criticized Chrétien's failed human rights agenda in Cuba? If, today, media coverage of Cuba is becoming more critical, and there are indications that this is the case, to what is Canadian media coverage responding?

Canadians have always constructed popular perceptions about Cuba, which, in turn, support broader foreign policy platforms. Wright (2007) documents Canadian media support and the critical role this played in shaping Canadian support for Cuba during the early years of the Cuban Revolution and the Castro administration. Canadian journalists eagerly participated in news casting from the island, while the media romanticized the Revolution. Indeed, the publicity generated in the Canadian press at that time was extremely favourable. There was a strong "Robin Hood" analogy which subsequently played out in the Canadian newspapers and which shaped Canadian support of the Castro regime. Moreover, as Wright (2007: 46-47) indicates, equally caught up in the pro-Castro enthusiasm, and clearly affected by public sentiment, the federal government quickly recognized the new government. While one event did not create the other, they were mutually constitutive.

The interaction between public perception and political policies is quite complex. Generally speaking, there may be consonance between popular values (the press) and foreign policy goals, and if these popular or public perceptions and foreign policy elements become convergent, the result can be a popularized geopolitics, which, in turn, reinforces or is incorporated into the status quo in formal policy-making (Dijkink, 1998). Most scholars would suggest, however, that this relationship is not one of direct influence between media coverage and foreign policy, but rather, that it can be mutually reinforcing (or divisive) in terms of the way in which the media responds by framing the events or news, leading to its "spreading activation" (Entman, 2004: 7). While partisan politics is involved, this framing of news goes beyond such politics, and yet, is not independent of it. This means that for Canadians, understanding Canada's foreign policy position towards Cuba through media accounts has agency, as well as reflects agency, in ways which mere partisanship cannot explain.

* Heather N. Nicol is a political geographer at Trent University, where she teaches primarily in the areas of Canadian regional, political and economic geography. She has been involved in active research on Canadian geopolitical perceptions of Cuba for over a decade. The author thanks advisor Dr. Lana Wylie for her time, patience and input in helping to formulate this argument, and the three external reviewers at *Canadian Foreign Policy* whose critiques have made for a much stronger analysis. The author also gratefully acknowledges the support provided by the Social Sciences and Humanities Research Council (SSHRC).

For example, if we examine media coverage concerning Canada-Cuba relations from the 1990s through 2009, we find that there are periods in which foreign policy choices towards Cuba resonate with media coverage, and times when the media positions itself against foreign policy decisions or deliberations. As Canadian newspapers covered the Pope's visit to Cuba in January 1998, many reporters used the opportunity not just to report on the events of Pope's tour, but also to try to explain Cuban society to Canadian readers. The media thus reported on a broad variety of issues, including ongoing analysis of religious freedom, music, the celebration of Christmas, economic conditions, political dissidents and the sex trade. During and after the Pope's visit, coverage on Cuba, or stories about Cuba, continued to broaden and began to incorporate topics such as Canadian enterprise and investment in Cuba, Cuban resorts and the budding tourism industry, Havana's Chinese community, Cuba's spy museum, the return of Ché Gueverra remains to Havana, the fortieth anniversary of Castro's New Year Victory over Batista, censorship in Cuba, tobacco marketing, and Cuban-Mexican relations. Indeed, articles on these topics were not unusual in Canadian newspapers from coast to coast (Nicol, 2002: 146). Coverage began to shift, however, as the twentieth century drew to a close, and especially after the ill-fated visit of Canadian Prime Chrétien to Cuba in 1998. Sensitive, perhaps, to American criticisms of the Chrétien visit, the Canadian press began to adopt a more aggressively anti-Castro rhetoric. Some newspaper editorials claimed that Canada was oblivious to human rights violations in Cuba, and that the government policy of constructive engagement had failed (Nicol, 2002).

The early twenty-first century brought little change in Cuba's political landscape, and this prompted media accounts to attack the Canadian government's status quo Cuba policy: headlines like "Pope Unhappy Castro Dragging Heels" were relatively common, while "charges began to emerge asserting that the Canadian support for Cuba was misplaced" (Nicol, 2002: 147). Indeed, Sagebien noted in the late-1990s that, although media coverage of Cuba in Canada was quite wide and generally supportive of Canada's constructive engagement, a more critical press was emerging: there was, "... by-and-large support of the Canadian position on sovereignty over trade and foreign policy [but] ... increasing coverage of Cuba's harsh reality in terms of the state of the economy, of reform, and of the severe treatment of dissidents" (Sagebien, 1998: 70). Rather than advocating outright Americanization of Canada's Cuba policy, the Canadian press developed its own anti-Castro themes: US hegemony threats gave ground to Canada's subscription to a more broadly defined human rights agenda, which defined rights in western terms like individual political freedom, and for which Canada was a self-proclaimed protector. The debate about Cuba saw an increasing divergence of opinion emerge where there had been more consensus only a year or two before.

The human rights issue was not the only issue to charge Canadian emotions with respect to Cuba, however. In the mid-1990s, the Helms-Burton Act was passed by the US government, provoking an outcry by the Canadian Government and the business community. Helms-Burton was understood as a potential pitfall for Canadian businesses that invested in Cuba and, up until 1996, were openly boastful of their growing commercial relationship with Cuba. Thus, the Canadian reaction to Helms-Burton was grounded not only in its perception of US unilateralism, or in the principal of Cuba's right to self-determination, but also in the

fact that there was a growing commercial relationship between Canada and Cuba, a relationship well-documented in the Canadian press. After 1996, this relationship was increasingly delegated to the “back seat” of media coverage, as the human rights agenda gained traction. Indeed, Ritter (2009: 248-49) demonstrates this contradiction, in that between 1996 and 2006 the Canada-Cuba trade relationship expanded considerably, although Canada remained more important to Cuba’s trade profile than did Cuba to Canada’s. Since 2000, Ritter suggests, Canadian exports to Cuba have more or less stagnated, although they have diversified (Ritter, 2009: 250). The only exception is the tourist industry, which has consistently remained important (although not necessarily for Canadian companies), with Canadians comprising the largest single national source of tourists to Cuba between 1990 and 2005 (Ritter, 2009: 255). While business media like *Cuba News*, and think tanks, like Canadian Foundation for the Americas (FOCAL), continue to discuss the Cuban economy in reports and policy papers, the mainstream media is less concerned. Indeed, Entwistle (2009: 284) suggests that, while there has been a significant and long-standing economic relationship between Canadians and Cubans,

... the human relationship is more important to understanding the nature of the Canada-Cuba relationship than any statistics of import-export values.
 ... Those impressions held by everyday Canadians, whether business people or tourists, inform government in a kind of feedback loop in the development of Canadian policy on Cuba.

Does this explain why trade and investment news retains a back seat in Canadian media coverage of Cuba, while issues concerning politics, tourism, and international events are considered more newsworthy? For example, over 644,450 articles about Cuba have been published in major Canadian daily newspapers since 2000. Setting aside the large number of stories that are not directly aimed at understanding Cuba, like the US military prison in Guantanamo, a content analysis of a sample of stories over these years suggests that the press deploys approximately six other broad lenses through which perceptions about Cuba are consistently filtered or shaped by the media. The first is that of the Cuban vacation, reportage of recreational travel to Cuba, which grows in importance over time. The second is that of international news and information which provide assessments of life on the island, political events, economic events, and even American and Canadian commentaries on these developments. The third lens is that of complex foreign relations, either Canada-Cuban relations or United States-Cuba relations. The fourth lens is cultural, sports and entertainment, which we will not discuss here except to say that they reflect a growing awareness of the ways in which Cuba is connected to a broader global culture and society. As such they merit analysis in their own right. The fifth lens is weather—stories relating to disastrous hurricanes, particularly Hurricane Mitch, which swept through Cuba in 1998. However, it should also be noted that there is a sixth lens, the category of “other” in this analysis, which is strongly, although not exclusively, linked to the use of Cuba as a metaphor for repression. A significant proportion of this other category came from opinion pieces, letters to the editor, and politically or ideologically-loaded stories which used Cuba as a negative benchmark against which something, for example, health care in Canada, was contrasted, usually with the catch phrase “this isn’t Cuba”. This also included references to

Cuba which did not fit established categories, and which had little to do with Canadian geopolitical perceptions—like “Putin stops in Cuba”, as was the case in 2000.

The Canadian Press Reports on Cuba

I want to focus here on the consistently most substantive of the lenses or categories of articles identified in this analysis—that of the travel, which generally positions Cuba as a paradise for vacation and travel and a normative destination for Canadians, and that of the critical assessment of Cuba through news articles exploring economic, political, and sociological events on the island. Together these account for roughly one third of the articles about Cuba (excluding US Guantanamo Bay Prison references) published in between 2000 and January 2009, when this study ended. It is noted that there are more of these critical assessments and news stories since 2005 than in earlier years.

In this decade-long period, the Cuban vacation became an increasingly important news and editorial category. Articles discussed Cuban vacations from the perspective of those selling trips, and from the perspective of those who had experienced such trips. A considerable increase in the number of references to Cuban vacations was seen after 2000, corresponding to the overall numbers of Canadians visiting the island. By 2007 over 600,000 Canadians travelled to Cuba annually (Cuba Tourism Board, 2008), and Canadians remain the largest single national contingent of tourists in Cuba (Cerviño & Cubilla, 2005). This tourist experience, both in terms of the number of Canadians affected, and their potential exposure to Cuba’s tourist destinations, is an important potential source in creating a difference (with Americans, or even earlier generations of Canadians) in the way in which Canadians perceive Cuba. Indeed, Entwistle (2009: 285) suggests that this human contact through tourism and visits to the island is an important factor in the feedback loop which positions Canadian foreign policy more clearly in the arena of a human than an economic relationship. While American understandings of Cuba have been historically filtered through an aggressive Cuban-American community, Canadians have seen Cuba for themselves.

On the other hand, what they have seen is limited. Canadians are more likely to visit Cuban beaches in the winter and remain there for the duration of their visit. Most go to popular resorts at Varadero, Holguin, as well as Cayo Ensenachos, Cayo Santa Maria, and Jardines del Rey (Cuba Tourism Board, 2008). In some cases there are regional differences—Quebeckers favour Cayo Coco on the east Coast of Cuba. Overall, however, the Cuban vacation provides only a limited geographical perspective on the complex social, political and economic landscape of the island. For some editorialists and newsmakers, such geographical specificity of the Cuban vacation experience is a limiting condition for a proper reading of Cuba. Regina’s *Leader Post* repeated, in January 2009, a warning by Peter Kent, Conservative MP and Minister of State for Foreign Affairs (Americas) that wintering Canadians are “too willing to accept a candy-coated version of what life in Cuba is really like” (Blanchfield, 2009: B8). However, speaking as a Conservative and a cabinet member, Kent’s assessment was not necessarily reflective of a broader tourist opinion.

What is? There are tourist and travel accounts, and popularized accounts of the Cuban vacation that juxtapose both Cuba as a resort and Cuba as a third world, repressive country within the same text, that are increasingly concerned with finding the real Cuba and the

value-added tourist experience to be gained from off-resort exploration of rural Cuba. Such accounts recognize a deep and consistent duality to Cuba and the experience of Cuba. As one article reports,

[t]hunderous Afro-Caribbean rhythms seep out of cafes, dance halls, or just a simple street corner turned into an impromptu concert. ... It's easy to forget when in this largest of the Caribbean countries that it's the twenty-first century ... the complexities and amenities of modern life seem to have largely bypassed the inhabitants of the island, which is inescapably tied to its volatile political past (Keith, 2005: B8).

Moreover, the article goes on to note that while vacationers are pampered at beaches with luxurious hotels and all the amenities, Cuba is really

a tale of two worlds; one artificially created to resemble a sun lover's paradise and another engineered to be a socialist's paradise but in the end came up short. It's no accident the two remain out of sync. Beach resorts in the towns of Varadero and Cayo Coco feature guarded checkpoints to ensure the worlds don't collide (Keith, 2005: B8).

Recognition of this duality of experience is quite typical of travel accounts, and adds to the mystique of Cuba and the Cuban vacation, which is thus increasingly described as a chance to encounter and experience an exotic world. No large Cuban-Canadian community or embargo exists, for example, to dissuade Canadians from exploring Cuba, and indeed the mystique and danger, which such discourses have engendered in the United States, is one compelling motive to explore. Travel texts and "Op Eds" have suggested that the ability to traverse from one world to another is part of the process, making Cuba a place which allows "vacationers to split their time 50/50 between the beautiful white beaches of Varadero, the island's largest resort district, and Havana, the political, economic and cultural centre of the country filled with stunning, if often dilapidated, colonial architecture" (Keith, 2005: B8).

Yet, while such travel discourses are popular and well represented within the newspapers, they were occurring in a period that also saw the rise of a more critical assessment of Cuba in the press. Although in the late 1990s the scope of reportage broadened in Canadian newspapers to include stories about everyday life and events in Cuba, by 2000 these stories had become the site for a confusion of contradictory accounts. After 2000, stories were regularly run which described events within Cuba in negative terms, (Winter & Everton, 2008). It is this second lens of media coverage, focused on international news and information, which provides realistic assessments of life on the island, and accounts for less than 25 per cent of all articles in all years. Just over a decade ago, such discourses rarely challenged the status quo in Canada-Cuba relations, and were, instead, more likely to challenge the US approach (Nicol, 1999: 2002). Times have changed. Kent's charge of candy coating is a case in point. Newspaper articles and editorials now routinely include indictments of Canadians who travel to Cuba, or politicians and academics who are supportive of Cuba's social and cultural achievements. Indeed, Winter and Everton (2008) believe that this is the overwhelming message of recent Canadian newspaper reportage, although my study suggests the issue is more complicated, more nuanced and certainly more ambivalent.

Nonetheless, it is true that Cuban foreign policy and Castro's friendship with Chavez are criticized, Russia's re-engagement with Cuba warned about, Canadian investment in Cuba critically examined, Fidel's health, and Raúl's policies—all are discussed. In January 2009, for example, the *National Post* reported on the fiftieth anniversary celebrations of the Cuban Revolution in Santiago de Cuba, quoting disgruntled Cubans as saying "There is a fog over the whole city". The *Edmonton Journal* story on the celebrations commented on the positive and negative legacy of the Cuban Revolution. Extolling Cuba's great gains in health, gender equity and education, it also noted that economically, Cuba remained a basket case. Moreover, stories focussing on a broad-spectrum of events in Cuba, have also been increasingly critical in their discussion of political and economic conditions in Cuba, particularly as Fidel Castro's health deteriorated. The result is a sort of duality, an ambivalence if you will, which is also reflected in broader assessments of Canadians' attitudes towards Cuba. A 2008 Pew Opinion Poll in Canada indicated, for example, that Canadians felt ambivalent towards Castro, "with 44 percent saying that his leadership has been good for Cuba, the highest percentage among the nine countries surveyed about Castro". The poll also specifically noted the ambiguity: "Even there, however, opinion is mixed, with 36 percent saying he has been bad for his country" (Auxier, 2008).

In some ways, the roots of an ambivalent, if not critical, press seem to lie in deep-seated and broader historical events. Soderlund et al. (1998) suggests, for example, that TV news is embedded in a negative tradition of Cuba-reporting that extends back to the end of the Cold War, and not just to the Chrétien years, that is to say to the late 1990s when Castro's rebuff of Chrétien's personal request to free political prisoners created a policy disagreement over human rights that played out in the media and press. The disagreement also created a change in Canada's domestic politics and a subsequent overt repositioning with respect to a broader human rights agenda in Cuba. Human rights became the enduring issue, which carried over from media accounts and popular perceptions to policy dialogues: it was not the isolation of Cuba, or United States-Cuba relations, but rather a concern with human rights and Canada's responsibilities vis-à-vis Canadian values and domestic political sensitivities. Indeed, Entwistle (2009) suggests that there is an important domestic-foreign policy convergence embedded within the Canada-Cuba relationship, while Ross and Hira (2006) argue that this process itself melds media accounts and increasingly conservative political ideologies with a pre-existing Canadian foreign-policy mandate for human rights sensitivities. The result seems to be that, in the main, human rights have become the most important rhetorical event in shaping the negative attitudes of Canadians towards Cuba, slotting the increasingly critical press coverage into a broad and pre-existing formal political discourse that was also growing more critical.

However, Winter and Everton suggest that there may also be a corporate explanation for the widening and increasingly critical coverage of all things Cuban within the Canadian media. In other words, the press may not simply reflect the unsolicited opinion of average Canadians. They suggest that Fidel's retirement and its treatment by the media reflects a corporate bias, which has been integrated into Canadian media accounts, and which reflects more accurately American perceptions. The failure of Fidel Castro's retirement to end communist rule, for example, prompted a reactive critical press in the Canadian as well as American press.

... when things carried on largely as before, how did the media fit this reality into their preconceived stereotypes. ... The first thing to note is that the media did not stop to reflect on the fact that if their cliché about a Castro dictatorship was true, then the dictatorship would likely collapse with his retirement. ... Instead, they sought to explain the lack of change in other ways ... steeped as they are in a doctrinaire, 'free market' ideology, they chose instead to parrot the Bush government's labelling of Raúl Castro as 'Fidel Lit' (Winter & Everton, 2008: 1).

According to Winter and Everton, the explanation for the critical tone of the Canadian press lies with the press itself, rather than a more widespread understanding of Cuba by Canadians. The end result is that the Canadian experience is not filtered through a large and politically active Cuban-Canadian community, making the resulting press less extreme, less ideologically-loaded, or even less one-sided than has been the case (until recently) in the United States. Nonetheless, the press is more critically positioned than a decade ago, and much more likely to evoke an understanding of the harshness of the Castro regime through the lens of travel, as well as through other lenses of realistic analysis and reportage, and not just opinion pieces reflecting partisan biases. Indeed, many of the news stories are repeated, almost verbatim, throughout both liberal and conservative presses. The result is ambivalence in the way in which Cuba is portrayed and understood, and more generally positioned in terms of attitude and popularized geopolitical perceptions. It is increasingly linked to what might be considered an Americanized media perspective at the same time that it is embedded within a tradition of foreign policy, which has consistently treated Cuba quite differently than has the United States. Yet, as Soderlund notes, this negative reportage is perhaps more normative than unique for Canadian news media. "On only two evaluative dimensions does Canadian news coverage seem less anti-Cuban than American coverage. ... On other dimensions, coverage of Cuba in the two countries is virtually indistinguishable" (Soderlund et al., 1998: 1).

Human Rights and Foreign Policy: Moving Away from Constructive Engagement?

Soderlund et al. (1998) thus argues that media does not necessarily mirror the tenor and issues in Canadian foreign policy under normalized relations with Cuba, but instead tends to mirror American news positions. This would suggest that the previously discussed convergence between governmental and media discourses on Cuba nearly a decade ago is exceptional, and can be better understood with reference Canada's resistance to US hegemonic discourses concerning US foreign policy in Cuba (Nicol, 1999; 2002), or Canadian nationalism, than in terms of Canada-Cuba relations themselves. This is a point that Entwistle (2009) reminds us of—that Canada-Cuba relations must be understood in context of a trilateral rather than a bilateral relationship.

What has happened since the late 1990s in terms of the way in which media and foreign policy discourses connect? Does the press mirror foreign policy more generally today, or is there a clear divergence of the kind that Soderlund et al. (1998) suggests was normative in the late twentieth century?

After the furor that surrounded the Helms-Burton Act subsided, and criticism of the Chrétien's failed mission to Cuba developed traction, the press refocused on Cuba in negative terms. Constructive engagement was no longer, *de facto*, the measure of Canada's independent foreign policy primarily because it was so publicly unsuccessful in achieving its goal of freeing Cuban dissidents. Bob Mills of the then Reform Party, summarized a more critical posturing, indeed making constructive engagement with Cuba a partisan issue: "You can put restrictions on business, on tourism, you can cut it off where it hurts. ... How can this government deny that their 20 years of soft power policy toward Cuba has been anything but a total failure?" (CBC, 2000).

The convergence of media and foreign policy was reflected in the fact that, as human rights became politicized in the press and the House of Commons, Canada's foreign policy towards Cuba was reconsidered, so much so that Kirk and McKenna (2002) described it as having a chilling effect. The chill was to become a hallmark of Canadian policy and media discussions concerning Cuba in the late-1990s and into the early years of the twenty-first century. Discussion of Cuba's human rights abuses began to challenge Canada's normally less critical attitude towards Cuban affairs, and threatened the continuation of amicable Canada-Cuba relations.

To some extent, this position lessened in the early twenty-first century leading into the Martin Government, but the issue of human rights had been raised. Part of the reason was not just because the press had picked up on, or perhaps even manufactured, the Chrétien fiasco, but also because the Canada-Cuba relationship had only recently negotiated a new foundational document which was to define their relationship more fully. This was the Canada-Cuba Joint Declaration, negotiated by Canada and Cuba's foreign ministers in 1997. A 14-point Declaration, it covered everything from bilateral cooperation and consultation on human rights to economic reform in Cuba, and the prevention of international terrorism (Basdeo, 2004: 46).

The Joint Declaration, it should be remembered, was negotiated prior to Chrétien's visit to Cuba and the tremendous criticism he faced in the press, in the House of Commons in Canada, and in the United States after his 1998 visit. It was negotiated in an era of Canada-Cuba co-operation, a round of constructive engagement post-Helms-Burton, which represented what were considered to be normalized Canada-Cuba relations but, indeed, could be considered to be heightened Canada-Cuba relations. In setting the terms for constructive engagement under Chrétien's government, it then also set the terms for the critique of constructive engagement, and for Harper's conservative human rights agenda. This was aided by a critical press, which positioned Canada's failure to gain traction for human rights in Cuba in much the same way that it had positioned and championed Canada's decision to oppose Helms-Burton a few years earlier.

In 1999, when the Chrétien government launched a review of Canadian policy towards Cuba in light of its perceived continuing human rights violations and including the jailing of four political dissidents, a convergence between media critique and foreign policy was taking place. Canada subsequently suspended several joint projects with Cuba, and began to reassess support for including Cuba in the Organization of American States (Warren, 2003: 2). However, for many, this was not enough.

In debates such as this, the concepts of “working” and “not working” became part of a new approach to Cuban relations, juxtaposing a new benchmark of efficacy over Canadian values into the Canada-Cuba discourse. That the Cuba problem would find its niche here, rather than in context of a debate about a decreasing independent foreign policy vis-à-vis the United States, is significant (see Entwistle, 2009), since this was a trend that has continued and, indeed, accelerated under the Harper administration (Warren, 2007; Entwistle, 2009; Nicol, 2002). In the early 2000s a rhetorical style more typical of US contexts was detectable—it encouraged “getting tough on Cuba”. This burgeoning polemic and increasingly partisan discourse is clear, for example, in hearings of the Subcommittee on International Human Rights of the Standing Committee on Foreign Affairs and International Development, throughout 2001, 2005 and 2007. The topic for the Committee in those years was troubling reports of recent human rights abuses in Cuba, and witnessed from all sectors of the Canadian NGO, academic and political landscape. The mood was increasingly challenging the Liberal Government’s constructive engagement position. By 2007 ambivalence could be said to be a characteristic of political discourse on Canada-Cuba relations.

For example, responding to the former Reform Party criticism, and defending Cuba’s presence at the Summit of the Americas, the Liberal Assistant Deputy Minister, (Americas), Mark Lortie, defended direct economic links between Canadians and Cubans unequivocally: “Of course, Canada is continuing its bilateral relationship with Cuba. Canadians continue to invest in Cuba and visit the country. We are maintaining our bilateral relations” (Canada, 2001). Indeed, Lortie argued that policy-makers could not afford to have a more critical human rights discourse overshadow the importance of trade and economic relations with Cuba, including the growing number of Canadians who vacationed on the island, a point that was to be raised by others involved in the same hearings.

There were those who promoted engagement with Cuba and made reference to the important economic linkages which, former Canadian Secretary of State for Latin America, Africa and la Francophonie, Denis Paradis, suggested, were excellent ways to promote dialogue and Canadian values like human rights and democracy. However, no consensus emerged on the way in which Canadian policy-makers viewed Cuba. Indeed, in the text of a report written by the Canadian Centre for Foreign Policy Development in 2000, for a Canada-Cuba Relations Roundtable held earlier in the year, it was noted that: “[a]lthough most participants expressed fundamental agreement with constructive engagement, there was, perhaps surprisingly, a tough undercurrent to the discussion with a common refrain being that Canada too often capitulates to Cuban pressure” (CFPD, 2000: 1).

Less a decade earlier there had been almost general consensus on supporting Cuba in light of the Helms-Burton Act. However, by 2000 a series of different political postures had emerged with respect to human rights. The divergence was fuelled by very different types of testimony from various groups, NGOs, and experts who had visited Cuba and had direct experience of life on the island. In 2005, at the meeting of the Subcommittee on Human Rights and International Development of the Standing Committee on Foreign Affairs and International Trade, Allan Horton of the Christian Labour Association testified that

On March 18 and 19, 2003, approximately 90 persons—that number has been more finely tuned to about 75—whom the Government of Cuba perceived as a threat were arrested. Many were charged with colluding with outside interests to subvert the Cuban regime (Canada, 2005).

Others, presumably with the same degree of exposure to Cuba, were not so convinced of the need for Canada to alter its basic approach to Cuba, or indeed had different experiences of the island. Since that time, acrimony about Cuban human rights violations has grown, rather than subsided. The dissonance between two views of Cuba—a tourist delight and a repressive regime—has also grown, as can be seen in the deliberations of a Tuesday, May 29, 2007 meeting of the Subcommittee on International Human Rights of the Standing Committee on Foreign Affairs and International Development, focusing on human rights in Cuba. Witnesses were drawn from those who had travelled extensively in Cuba. The Chair, Conservative MP Jason Kenny, however, scolded witnesses because their testimony on human rights in Cuba did not conform to a more critical discourse of the type heard in previous meetings. The Chair suggested on several occasions that Canada should refuse aid to Cuba, and fell back on previous testimony from those more opposed to direct engagement.

By this time, the Conservatives had defeated the Liberal Government of Canada. The difference between Liberal and Conservative approaches to Cuba can account for the changed discourse on Cuba and human rights within the House of Commons, reflecting a growing dialogue related to Canadians' increasing propensity of visit Cuba and wider media coverage of events on the island, as well as new domestic political pressures. The Conservative Government has taken on the human rights agenda, which has always been a focus of Canadian parliamentary discourses (making its evocation under a Conservative regime more normal than not). The Canadian government has argued that this interest dates back to Canada's "central role in the drafting of the Universal Declaration of Human Rights in 1947 to 1948" (DFAIT website, nd). Yet parliamentary discussions concerning Cuba are increasingly intent upon redefining that interest, making it more central to Cuban relations. Canada's trade with Cuba, its longstanding political relationship, its large tourism contingent, and indeed, its support of the Castro regime through foreign aid and CIDA, remain sidebars in the conversation, and have less traction.

Assessing Media and Foreign Policy: A Complex Landscape

While originally supportive of the Cuban Revolution (Wright, 2007), the Canadian press has waxed and waned in its enthusiasm towards Fidel Castro's Cuban experiment ever since (Soderlund et al., 1998; Winter & Everton, 2008; Nicol, 2002). This trend continues in the early twenty-first century. With the exception of the years surrounding the Helms-Burton crisis, the Canadian press has not been overwhelming in its support of Cuba. Its coverage is, instead, ambivalent and contradictory. Part of this ambivalence is created by the publication of articles describing the lure of the island as a tropical paradise juxtaposed upon contradictory scenes of poverty and depravation. The coupling of tourism and criticisms seems intended to marginalize positive experiences of Canadian travelers by rendering them an incorrect reading. The same could be said of the way in which witnesses, holding positive

views of their Cuban experiences, have been censured by Parliamentary committees. Increasingly, a critical press complements a rising tide of governmental concern about Cuba's human rights agenda and a desire to project Canadian values into the Canada-Cuba relationship. Indeed, an emerging human rights discourse at the Parliamentary level is effectively pitted against the Castro regime and committed to developing a harder line against Fidel and, increasingly, his brother Raúl. Media accounts also reproduce this perspective, mimicking what have become normative American ideas about the illegitimacy of the Castro brother's regime. In this sense, the critical press does work, in that it assists in the development of a human rights agenda and as opposition to Canada's traditional foreign policy approach of constructive engagement in Cuba, consistent with the anti-Castro discourses that have aired in the Canadian Parliament since 2000.

While the existence of a conservative government for the past several years, with a large number of Conservative MPs, and a Conservative agenda in foreign relations, is a sufficient explanation for the change in parliamentary discourse since 2004, what is its relationship to the media? To say that newspapers share the same partisanship is not sufficient, in that many of the Cuba stories in the press are shared and circulated amongst newspapers, appearing in both liberal and conservative presses, as well as online and in electronic formats. Moreover, the press is not overwhelmingly critical. It is rather ambivalent and divided: more critical than in the mid-1990s, but less critical than in the late 1990s. Thus, to suggest that the link is merely partisanship is insufficient.

Has the tourism vacation prompted an increasingly negative view of Cuba's human rights abuses? Can we account for a more critical press in this way? There is little in the way of definitive proof for such a position. Indeed, while tourism has been targeted by both a negative press and a critical Conservative political rhetoric, it is likely that the role of tourism has had the opposite effect. Indeed, direct experience with Cuba may be one reason why such ambivalence exists among Canadians concerning the proper foreign policy for Cuba, despite Conservative attempts to heighten the Cuba human rights profile within domestic political consciousness.

More important, perhaps, is the fact that the Harper Government, overall, has successfully linked human rights in Cuba to Canada's sense of national identity, Canadian values, and even middle power status. It has increasingly suggested to Canadians that their interests lie in a strong sovereign state, a heightened military presence, and an articulation of nationalist and Canadian values, while eschewing multilateralism for more consistent and cordial relations with the United States. Its approach to the Arctic, to defence matters, to border security, and to Cuba are all examples of this. In April 2009, for example, CTV News reported that Cuba was the top issue for the Summit of the Americas: "Canada has long had normal relations with Cuba, despite the 40-year trade embargo that the United States has imposed on the island, and is often looked to as a mediator on the file" (CTV News, Friday April 17, 2009).

Indeed, 2009 seemed to be a year for rethinking the way in which the Conservative Government wished to engage with Cuba. Prior to his visit to Cuba in 2009, Minister of State of Foreign Affairs (Americas) Peter Kent stated, as his main purpose in travelling to Havana:

I want to certainly reinforce the message that the Prime Minister delivered to the Summit of the Americas, to encourage productive, constructive responses to the US gesture. Also to stress again our encouragement of the release of political prisoners and the opening of institutions to democratic practices (quoted in Blanchfield, 2009).

Yet the analysis of Canada-Cuba relations is not a well-developed media category in the Canadian press's Cuba reportage. Articles discussing United States-Cuba relations, particularly in the year after the Obama election, suggest however, that the relationship with the United States is of more interest. It is this embedded trilateral context of Canada-Cuba relations, which, Entwistle reminds us, is a historically consistent fact. This opens the door to the agency of Americanized corporate media (as defined by Winter & Everton, 2008) upon a Canada-Cuba policy, which is rhetorically better positioned to accommodate US interests. Such a notion is consistent with Harper's own political agenda, and indeed, Warren (2007: 1) suggests, that it would be a matter of pride if Canada became the US "go to" country for Cuban issues:

Thomas Shannon, the US Assistant Secretary of State for Western Hemisphere Affairs, acknowledged Canada's helpfulness in Cuba-United States relations: 'Countries like Canada have a very useful role to play because of the relationships they've built over time and the influence they've built over time, and also their access on the island'.

This, perhaps, is the only clear trend identified within this study. While getting tough on human rights has been a rhetorical position in the House of Commons and gaining momentum with the rising power of the Conservatives, the Harper government's more critical approach to Cuba is problematic in that it seems to be more rhetorical than actual. Peter Kent reminded us not to "sugar coat" Cuba in January 2009, for example, but by December 2009 he was advocating renewed engagement with Cuba through reinvigorated Canada-Cuba relations. In this sense, the inconsistency we see in the press reflects a similar process in policy-making itself. Entwistle (2009) calls this the propensity of Canada to maintain a split personality with regard to Canada-Cuba relations. This split personality takes its cue from successive governments and is increasingly a hallmark of the Harper administration also, despite its aggressive human rights rhetoric. While Harper's government is still attempting to find its position on Cuba, and is perhaps increasingly finding its feet in terms of American domestic politics, its approach also has the earmarks of tremendous inconsistency. Indeed, perhaps the relationship is best epitomized by Peter Kent's recent statement following his visit to Cuba, the same Peter Kent who argued that Canadians are too willing to accept a candy-coated version of what life in Cuba is really like. Returning from his state visit in November 2009, Kent asserted that

Canada and Cuba have a broad, comprehensive relationship that includes trade, investment and tourism, as well as development assistance and academic exchanges. ... Our government has made trade across the Americas a priority, and we are seeing tremendous potential for growth in Canadian exports to Cuba and across the hemisphere. (DFAIT website).

Once again, human rights have taken a back seat.

Conclusion

We need to see that the relationship between Canada's foreign policy towards Cuba and media is more than simply the result of formal foreign policy deliberations. It also reflects malleable collective and constructed assessments about how Cuba is positioned in both formal discourses and in everyday popularized media accounts. Such an approach rests upon identifying how foreign policy views of the political elite (i.e., policy makers and political decision makers) are related to widespread worldviews in society and the specific experiences that have induced those worldviews (Dijkink, 1999: 295). We also need to see that media accounts that influence foreign policy are also reflective of broader processes, such as pressures towards corporate media agendas, Americanization of the news, and popular sentiments concerning Canadian nationalism and identity. All of these play a role in setting the terms of how Cuba is viewed in contradictory ways by both the Canadian press and Canadian political elites, and the way in which these views both reflect and reinforce foreign policy deliberations.

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CANADA'S ECONOMIC RELATIONS WITH CUBA, 1990 TO 2010 AND BEYOND

ARCHIBALD R. M. RITTER*

Introduction

During the Colonial era, from Independence to 1959 and throughout the regimes of Presidents Fidel and Raúl Castro, Canada and Cuba have maintained a normal and mutually beneficial economic relationship. During the 1990s, this relationship was invaluable for Cuba as it adjusted to the loss of Soviet subsidization and to its disconnection from the former Soviet Bloc. In these years, Canadian participants were enthusiastic and optimistic about future economic relations. However, in the 2000s, this was replaced by greater realism and some skepticism concerning the possibilities for deepening economic interaction, partly because of Cuba's rapid switching from Canada to the United States as the major source of agricultural imports after 2002. In future, Canadian-Cuban relations will be determined mainly by Cuba's economic performance, the policy environment within which it conducts its international economic relations, and the process of normalizing Cuban-United States relations.

The objective of this essay is to analyze and explain the principal features of the economic relationship between Canada and Cuba in the decades of the 1990s and the 2000s, and to explore the major determinants and possible character of this relationship in future. A range of economic dimensions is examined, including trade in goods and services (notably tourism), direct foreign investment, international migration, and development assistance. Following a brief review of the evolving relationship from the 1959 to 1990, the nature of the economic relationship between Canada and Cuba is analyzed in more detail for the 1990 to 2007 era. The future economic relationship is then explored, focusing on Cuba's economic recovery and policy environment, and the probable impacts of normalization with the United States.

Canada-Cuba Trade Relations

Canadian-Cuban economic relations were relatively modest before 1959. Trade flows do not appear to be that large, although when adjusted for inflation they appear more significant (see Chart 1) and, if adjusted for population, even more significant still. Canadian banks and insurance companies were especially prominent in Cuba's economic life before 1959.

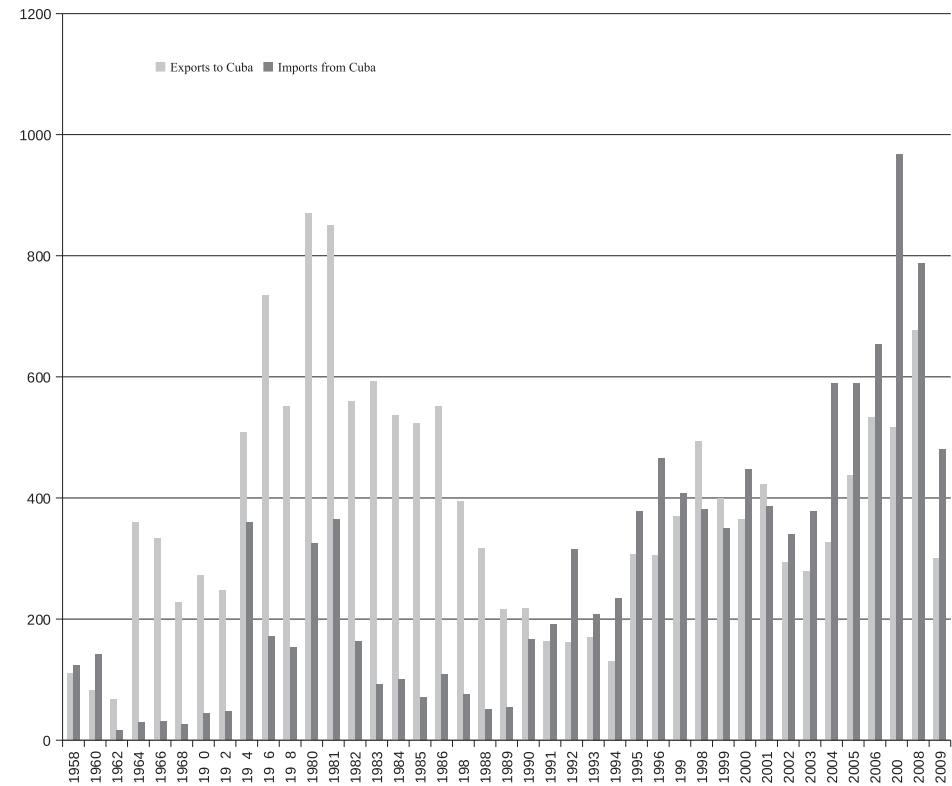
Following 1959, normal trade and correct, but cool, diplomatic relations were maintained between the two countries, Canada and Mexico being the only two countries in the Hemisphere that did not break relations with Cuba. Canadian enterprises, along with all other foreign firms, were nationalized in 1960-1961. Compensation was paid, although final settlement was not reached until November 1980. Some modest development assistance was provided, beginning in 1972, but this was terminated in 1978 when such assistance was deemed by Canada to be inappropriate in view of Cuba's large-scale military interventions in Africa.

The overall trade relationship between Canada and Cuba has waxed and waned in the 1960-2008 period (see Chart 1). From a slow start in the 1960s, Canadian exports to Cuba increased

* Archibald R. M. Ritter is a distinguished research professor in the Norman Paterson School of International Affairs and the Economics Department of Carleton University. His work and publications have been in the areas of development in Latin America, especially Cuba and Chile and in East Africa, notably Kenya and Tanzania.

after 1962. They reached high levels between 1974 and 1986, peaking at \$871 million in 1980 in inflation-adjusted 2004 Canadian dollars. On the other hand, Cuban exports to Canada in this period were generally lower than Canadian exports. As Cuba’s economic difficulties began to intensify after 1986, its imports from all countries, including Canada, declined by about 70 percent from 1986 to 1991 in inflation-adjusted terms. The principal cause of this was the termination of the special trade relationship with the Soviet Union, which had provided above-world prices for Cuba’s sugar and nickel exports and below-world prices for Cuban petroleum imports, not to mention generous trade credits never repaid. The ending of this hidden subsidization precipitated the decline in Cuba’s export earnings, its imports, and the economic contraction of 1990-1994, from which it had recovered only by the late 2000s.

Chart 1. Canadian Trade with Cuba, 1958-2009
(Constant CA\$, 2004)



Sources: Statistics Canada, *Exports by Country*, 65-003, *Imports by Country*, 65-006; Industry Canada; Department of Finance, *Quarterly Economic Review*, June 1991; IMF, *World Economic Outlook*, May 2000 and April 2005 for GDP Deflator; and Statistics Canada 2010.
Note: Trade values are in constant CA\$ and are calculated using the Canadian GDP deflator with base year 2004. The data is biannual from 1958 to 1980 and annual from 1980 to 2009.

Canadian exports to Cuba declined from the mid-1980s to 1994, mainly as a result of the contraction of the Cuban economy but also due to the decline in exports of cereals to Cuba.

However, after 1994, Canadian exports to Cuba rose quickly because of the renewed expansion of the Cuban economy, the marketing efforts by Canadian enterprises, and the diversification of Cuba's sources of imports and exports markets following the collapse of the special relationship with the former Soviet Union.

Following the beginning of Cuba's economic recuperation in 1994 and continuing, more or less, to 2007, Canadian trade with Cuba expanded and became relatively important for Cuba. By 1998, Cuba's exports to, and imports from Canada accounted for 8.0 percent and 10.6 percent of its total exports and imports respectively. Canada was Cuba's third ranking export market, after Russia and the Netherlands. Cuba's exports to Canada also expanded from 1990 to 2006, due mainly to the expansion of nickel concentrate exports from zero in 1990 to CA\$317 million by 1996. Exceedingly high prices for nickel from 2004-2008 then led to record levels of Cuban exports to Canada, reaching almost CA\$630 million in 2006 (Chart 1). The value of trade between the two countries fell sharply in 2009, reflecting the world recession and the contraction of the Cuban economy that year.

Table 1. Cuba's Major Trading Partners, 1988 to 2008
(Millions of Cuban Pesos)

Cuba's Major Sources of Merchandise Imports					
	1988	1995	2000	2005	2008
TOTAL	7,580.0	2,882.5	4,798.6	7,604.3	14,249.2
Africa	12.1	26.8	24.6	147.7	289.5
Asia	294.6	303.5	783.9	1,600.1	2,883.7
of which: China	175.9	170.8	443.7	891.4	1,482.7
Europe	6,911.9	1,101.3	1,819.1	1,914.3	3,269.4
of which: Spain	n.a.	353.0	743.2	667.9	1,233.1
USSR/Russia	5,364.4	56.8	111.3	137.3	268.9
Western Hemisphere	360.4	1,441.3	2,163.4	3,872.4	7,778.6
of which: Canada	28.6	220.3	311.1	339.9	655.8
United States	0	0	0	476.3	801.1
Venezuela	28.0	236.6	898.4	1,863.7	4,477.8
Cuba's Major Merchandise Export Markets					
TOTAL	5,518.3	1,491.6	1,675.3	2,159.5	3,679.6
Africa	64.9	108.8	12.9	17.0	288.1
Asia	406.1	327.2	204.5	171.5	886.1
of which: China	226.2	188.9	80.5	104.8	677.1
Europe	4,948.9	702.8	990.6	953.9	812.4
of which: Russia	3,683.1	194.5	324.6	52.5	53.1
Spain	n.a.	93.3	150.2	160.6	197.4
Western Hemisphere	98.1	351.1	466.7	1,012.8	1,690.2
of which: Canada	38.5	230.8	277.9	438.0	767.5
United States	0	0	0	0	0
Venezuela	21.8	n.a.	14.0	401.5	414.8

Source: Oficina Nacional de Estadísticas, 2001. 2005 and 2008 Sector Externo,
http://www.one.cu/aec2008/esp/08_tabla_cuadro.htm, website accessed February 20, 2010.

Since 1994, Canadian exports to Cuba have fared less well than Cuba's exports to Canada. After 1994, Canadian exports to Cuba began to recover from their low levels of 1990-1994, again with fluctuations. After 2001, however, Canadian exports began to fall short of its imports from Cuba. This was due largely to high nickel import volumes and unprecedented nickel prices. Canadian exports to Cuba have more or less stagnated since 2000, while other countries, including the United States, Venezuela, China, and Spain have increased their market shares (Table 1). By 2005, Canada was the fifth ranking exporter to Cuba following the above-mentioned countries. In contrast, Canada continues as a major export market for Cuba, accounting for 21 percent of Cuba's exports in 2008 (Table 2).

Table 2. Canadian Merchandise Trade with Cuba by Major Product, 2008 (Thousands of Current 2008 CA Dollars)

Canadian Exports to Cuba		Canadian Imports from Cuba	
Total Exports	446,826	Total Imports	895,242
of which:		of which:	
Sulfur	90,859	Nickel	879,402
Wheat	73,897	Tobacco	2,972
Peas	62,013	Beverages	2,858
Potash	25,369	Fish Products	2,155
Data processing	22,416	Aluminium	1,542
Vehicle Parts	16,175	Lead	524
Mine Machinery	14,581	Pharmaceuticals	251
Copper Products	14,557	Textile Products	110
Powdered Milk	12,656	Works of Art	103
Used Clothing	12,592	Vegetables	91

Source: Industry Canada, Trade Data Online (TDO), Trade by Product (HS Codes)

In terms of the detail of the Canadian-Cuban trading pattern before 1990, its most significant feature was the large volume of cereal exports from Canada to Cuba. Cereal exports, mainly wheat, exceeded CA\$299 million (in current dollars) annually for the 1979 to 1987 period—peaking at CA\$333 million in 1980. They accounted for 66 to 81 percent of total Canadian exports to Cuba.¹ The composition of Cuba's exports to Canada changed in the 1994-2010 period. Cuba's traditional exports have shrunk while nickel exports have become totally dominant, accounting for an amazing 98 percent of exports to Canada in 2008. Cuba's sugar exports to Canada have all but disappeared, reflecting the collapse of sugar production in Cuba. Canada's exports to Cuba have generally been reasonably diversified from 1994 to 2010. Canada's agricultural exports remain significant, although overwhelmed by US agricultural exports. Minerals (sulfur for Cuba's nickel industry, potash for fertilizer), metals (copper products mainly for Cuba's electrical system) and machinery of various types have all been significant in the latter 2000s.

¹ Statistics Canada, *Exports by Country*, 65-003, successive years. Cereals imports were recorded in Cuban statistical documents as imports from the Soviet Union, not from Canada, perhaps because they were transported on Soviet ships. Cubans generally were, and still are, unaware that virtually all their wheat imports in this period were from Canada.

Table 3. Canadian Tourism to Cuba, 1990-2009
(Thousands per Year)

Year	Total Tourist Arrivals,	Canadian Tourist Arrivals	
	All Sources	Number	Percentage of Total
1990	340.3	74.4	21.9
1991	424.0	81.1	19.1
1992	460.6	94.1	20.4
1993	546.0	114.8	21.0
1994	619.2	109.7	17.7
1995	745.5	143.5	19.2
1996	1,004.3	162.8	16.1
1997	1,170.1	169.7	14.5
1998	1,415.8	215.6	15.2
1999	1,602.8	276.3	16.2
2000	1,774.0	307.7	17.4
2001	1,774.5	350.4	19.8
2002	1,686.2	348.5	20.7
2003	1,905.7	452.4	23.7
2004	2,048.6	563.4	29.5
2005	2,319.3	602.4	26.0
2006	2,221.0	604.3	27.2
2007	2,152.2	660.4	30.7
2008	2,348.3	818.2	34.8
2009	2,429.8	914.9	37.6

Sources: ONE, *Anuario* (2001, 2008); ONE, *La Llegada de visitantes internacionales* (2010); and Naciones Unidas (1999).

Tourism constitutes an important Cuban service export to Canada. Canada has been a principal source of tourists since 1979 and has been the largest single national source of tourists consistently from 1990 to 2009. By 2009, Canada was by far the largest source with about 915,000 tourist arrivals, or 37.6 percent of total (Table 3). Cuba's foreign exchange earnings from Canadian tourism were likely in the area of US\$880 million for 2008, calculated as 34.8 percent of the total tourism earnings of US\$2,538 million for that year (Mesa-Lago, 2009: 9). If one takes both Canadian tourism plus Canadian merchandise imports from Cuba into consideration, Canada contributed about US\$1.6 billion in 2008, a large proportion of Cuba's foreign exchange earnings. Canada is clearly a significant trading partner from Cuba's perspective.

In contrast, Canada's exports to, and imports from, Cuba are relatively small, amounting to 0.16 percent and 0.21 percent of the totals respectively in 2008. Cuban tourism expenditures to Canada are virtually zero. However, on the other hand, a few Canadian enterprises—most notably Sherritt International—have major stakes in Cuba.

Canadian Enterprises in Cuban Joint Ventures

There has been a significant inflow of direct foreign investment to Cuba since 1991, when it opened itself to such investment in joint venture arrangements with state firms. By 2000, foreign firms in 50 percent ownership economic associations with Cuban firms dominated a number of sectors, including mineral and petroleum exploration (100 percent of total), international cigar marketing (100 percent), telephone communication (100 percent), international tourist hotels (10 percent plus management contracts in about 40 percent of hotels), and rum export (100 percent) (Pérez-Lopez, 2004: 155). Canadian enterprises have established a presence in Cuba in such economic associations (Pérez Villanueva, 2000: 27), however, Sherritt International dwarfs all other Canadian firms.

By the end of 1999, there were 72 joint ventures between Canadian firms and Cuban state enterprises, constituting about 19 percent of the total, and exceeded only by Spain. In terms of the estimated values of foreign investment actually delivered or committed—rather than merely announced—Canadian firms accounted for US\$600 million, or about 34 percent of total foreign investment as of March 1999, a larger amount than any other country by that date (US-Cuba Trade and Economic Council Inc., 1999).

Sherritt International

Sherritt International has a large stake in the Cuban economy that generates major benefits for Cuba, as well as for Sherritt. Sherritt's connection with Cuba began in 1991 with purchases of Cuban nickel concentrate for its refinery in Fort Saskatchewan, Alberta. It had had insufficient volumes of concentrate for many years, and in 1990, the expiration of a refining contract with INCO. In 1994, Sherritt International and the *Compania General de Niquel* established a 50/50 percent joint venture, which now owns the Moa extraction, processing, and smelting operation, the Alberta metals refinery, and the international marketing enterprise. The Cuban Government is now a foreign investor in Canada as the part owner of the nickel refinery, a fact not well known in either Cuba or Canada. The President of the company, Ian Delaney, also negotiated agreements with the Cuban Government, permitting Sherritt to enter other sectors of the economy, including electric energy, oil and gas, agriculture, tourism, transportation, communications, and real estate. By 2000, Sherritt International had become a major diversified conglomerate in Cuba.

The linking of the Moa nickel deposit and part of Cuba's processing capacity with the Alberta refinery, and its access to attractive energy sources, was a masterful move and has generated important benefits for Cuba and for Sherritt. Cuba has acquired a market for its nickel concentrate. It also has gained access to improved production technologies relative to its older 1950s-vintage US technology and its 1960s-vintage Soviet technology. This has generated gains in productivity, energy efficiency, environmental impacts, and health and safety. Cuba is now the joint owner of a vertically integrated nickel operation, from extraction through to refining and international marketing. Cuba also has obtained, through Sherritt, new technologies and managerial skills for oil and gas extraction and utilization, as well as electricity generation. Sherritt is able to utilize more fully its Canadian refinery and to use its base in nickel to enter other sectors in Cuba. Its earnings from its Cuban operations are significant. The joint venture has been able to increase metal production and achieve high

net operating earnings, which have been in the area of 40 to 50 percent of the company's gross revenues for most years, depending on international nickel prices. In June 2007, Ian Delaney announced plans for further investments of CA\$1.25 billion in both the metals and the energy sectors (*Miami Herald*, 2007).

Table 4. Sherritt International's Cuban Operations in Summary, 1996-2007

Year	Metals			Petroleum and Gas		Electric Power	
	Nickel (Millions of pounds)	Cobalt	Revenue (CA\$ millions)	Sherritt's Share, Net Production (bpd)	Revenues (CA\$ millions)	Installed Capacity (MWh, thousands)	Revenues (CA\$ millions)
1996	24.4	2.3	199.2	3,920	53.0	n.a.	n.a.
1997	31.1	2.7	211.8	4,413	47.1	n.a.	n.a.
1998	29.8	2.8	177.6	7,781	59.4	n.a.	n.a.
1999	31.6	3.4	193.3	13,143	106.5	n.a.	n.a.
2000	29.5	3.1	299.0	17,424	165.2	n.a.	n.a.
2001	33.1	3.3	230.3	10,979	176.7	n.a.	n.a.
2002	33.8	3.4	252.9	13,963	218.8	n.a.	n.a.
2003	35.8	3.5	321.1	15,057	223.1	226	26.8
2004	34.9	3.7	462.9	19,389	200.9	311	104.0
2005	35.6	3.7	428.8	16,895	237.5	311	98.5
2006	24.3	2.7	543.4	15,859	272.1	311	105.7
2007	32.5	3.5	805.7	15,318	303.5	375	117.7
2008	33.0	3.8	573.5	15,617	349.8	375	122.8

Notes: Sherritt's revenue and production values reported here are based on the joint venture agreements between Sherritt and agencies of the Cuban Government.

1. Before 2000, oil production is defined as Sherritt's share according to production sharing agreements. After 2000, the definition of oil production became "Gross Working Interest Production" which is oil production after allocation to joint venture partners, but before allocation to agencies of the Cuban Government.

2. MWh: Mega Watt hour; bpd: barrel per day

Source: Sherritt International, various *Annual Reports and Financial Statements*, 1996-2008.

Sherritt International's petroleum and natural gas activities have been particularly successful. New sources of oil and gas have been discovered and extraction rates have increased dramatically through enhanced recovery techniques from 1996 to 2000 (Table 4). Sherritt holds interests in eleven production-sharing contracts with the Cuban Government covering 3.55 million acres. It has a 100 percent interest in four contracts by which it "provides services and technical assistance to enhance the production at specific wells, or to drill new wells in existing fields," in exchange for a percentage of new oil production and accelerated cost recovery provisions. The seven other contracts are for the development of new oil and gas fields (Sherritt International, Annual Report, 1999). Exploration and oil field

development activities have increased Sherritt's share of proven and possible oil reserves significantly. Natural gas recovery and utilization has also been improved through the construction of two processing plants, a feeder pipeline network, and a 30 Kilometer pipeline to Havana (Sherritt International, Annual Report, 1997: 13).

Sherritt invested CA\$215 million for the construction of two integrated gas processing and electrical generation systems. The natural gas feedstock previously had been flared and wasted. Commissioned in mid-2002, these operations had a combined capacity of 226 megawatts and generated a significant proportion of Cuba's electricity. At the same time they reduced sulfur emissions, a potential problem especially at the Varadero site, which is adjacent to the hotel zone. By 2007, installed electricity generation capacity had been further increased to 376 mega watts, following an 85 MW expansion that came on stream in early 2006. Part of the CA\$1.25 billion investment, announced in 2007, was earmarked for further increases in electricity generation from natural gas, bringing total installed generating capacity to 526 mega watts.

In February 1998, Sherritt acquired a 37.5 percent share of Cubacel, the cellular telephone operator in Cuba for US\$38 million, but this has been resold. "Sherritt Green," a small agricultural branch of the company, entered market gardening, cultivating a variety of vegetables for the tourist market and conceivably for export to Canada (*Granma International*, 1996). Sherritt also purchased a 25 percent share of the Las Americas Hotel and golf course in Varadero and a 12.5 percent share of the Melia Habana Hotel, both of which are managed by the Sol Melia enterprise (Sherritt International, Annual Report, 2001: 16). This holding has since been divested.

By 2008, Sherritt's Cuban operations were large and growing. Gross revenues reached CA\$1,040 million in 2008 and operating earnings² for all activities were CA\$540 million for 2006. Capital expenditures for 2005 were recorded at CA\$237.2 million, including CA\$37.2 million in nickel, CA\$122.1 million in oil and gas, and CA\$77.9 million in electrical generation. This was an indication of the optimism with which Sherritt viewed its future in Cuba, despite various uncertainties (Sherritt International, 2006: 19).

Other Joint Ventures

A number of mineral exploration companies established joint ventures in Cuba by 1994 in association with Geominera SA. Some 25 percent of Cuba's territory had been leased for exploration by Canadian firms, or for the "proving up" of some known ore bodies for mine development. Cuba was an ideal location for such exploration because much of the country had been covered by aero-magnetic and geological surveys in the Soviet era, and probable mineral occurrences could be surmised. Among the enterprises involved in exploration projects in joint ventures with Geominera were Holmer Gold Mines, Joutel Resources, CaribGold Resources, Northern Orion, and MacDonald Mines.

Unfortunately, the exploration undertaken from 1992 to 2007 has yielded disappointing results. None of the exploration projects led to producing mines. In the 2004 to 2007 period, exploration projects were not resumed despite record high mineral prices. This suggests that either the quality and/or magnitude of the deposits are lower than in other regions of the

² Operating earnings are defined as EBITDA, (earnings before interest, taxes, depreciation and amortization), a standard measure for earnings.

world. Alternatively, perhaps the investment conditions, the policy environment, and/or the political risk situation are worse than elsewhere.

A major real estate/tourism project was announced in October 1998 by an association between Cuba's luxury hotel chain, *Gran Caribe*, and Cuban Canadian Resorts International for a 2000-unit set of four time-share condominiums with hotel and resort facilities in East Havana, Cayo Coco, Varadero and Santa Lucia. This project was expected to cost a total of US\$250 million (Cuban Club Resorts, 2000). It would have opened up an important new type of tourism for Cuba. However, in May 2000, the Ministry of Foreign Investment and Cooperation announced a prohibition of foreign ownership of condominium units. This effectively killed this and other such projects and damaged the credibility of Cuban public policies towards foreign investment, for a while at least.

Another project is that of Leisure Canada for the construction of some 11 hotels, two golf courses, and a marina, all in the context of a village concept for which Leisure Canada apparently has the exclusive rights in Canada (Leisure Canada Incorporated, 2000). Perseverance may have won out for this project. A legal opinion from the Cuban state legal enterprise, Consultoria Juridica International, confirmed access to the surface rights on a 34,000 square metre-oceanfront property in the Miramar section of Havana. As of early 2010, however, it was still unclear as to whether or not this project would proceed.

There are a number of other joint ventures with Canadian firms. One example is the venture between Heath and Sherwood International and Geominera SA for a variety of exploration drilling services for minerals and petroleum. A Canadian enterprise, Intelcan Technosystems of Ottawa, was involved in the construction of five airports in Cuba in the last few years, including Varadero and Havana International Airports. The CA\$52 million investment in the Havana Airport, for example, was financed by the Export Development Corporation (33 percent) and 15 percent from Intelcan itself (Israelson, 1998: B1). However, since 2000, the ultimate payment has come from international passengers who pay US\$25.00 (or now CUC 25.00) as an airport tax on departure.

Difficulties Faced by Foreign Investors

Canadian and other foreign investors face a variety of restrictions, problems and uncertainties that reduce the attractiveness of investing in Cuba. First of all, there is general uncertainty and doubt about the commitment of the Cuban government to the course adopted regarding foreign investment. Although official documents destined for international consumption welcome foreign investment, other statements from former President Castro and the media, often destined for domestic consumption, raised questions regarding its future role. For example, Fidel Castro waged an anti-globalization campaign with annual international conferences in Havana from 1999 to 2007, often with himself as the principal personage at the podium. Even Sherritt has not felt itself immune from the uncertainties in Cuba:

However, there can be no assurance that this attitude to foreign investment and profit repatriation will continue, or that a change in economic conditions will not result in a change in the policies of the Cuban government or the imposition of more stringent foreign investment restrictions. Such changes are beyond the control of Sherritt and the effect of any such changes cannot be accurately predicted (Sherritt, Annual Report 2008: 64).

Second, while the Foreign Investment Law outlines the rules of the game for foreign investors, in fact every possible foreign investment is determined on a case-by-case basis. Each potential project must be negotiated with the counterpart enterprise and the Ministry of Investment and Cooperation (MINVEC). After delays and significant investments of time and money, foreign investors can be turned down for a variety of reasons.³

A third general limitation on foreign investment is that those activities oriented to domestic consumption in the peso economy are essentially closed to foreign investors. In effect, only those activities which earn foreign exchange directly through exportation of goods or services and some activities which service the tourist sector for hard currency are worth entering because profit repatriation cannot otherwise occur.

Fourth, there are a number of aspects of business management that are controlled by the state and not the enterprise. The first of these is recruitment and selection of employees, which must be done through the Agencia de Contratación a Representaciones Comerciales (ACOREC) and not by the enterprise itself. The wage system and salary scale are also determined by the government. Moreover, the foreign enterprises must pay wages and salaries in US dollars (or “convertible pesos” or CUCs, after the US dollar was withdrawn from use within Cuba) at the exchange rate of CUC 1.00 per US\$1.00, while the workers are paid in “old pesos” (with the relevant exchange rate for Cuban citizens in recent years at 20 to 26 pesos per US\$1.00). This means that in effect, the state taxes wage payments by foreign firms at an average rate of around 96 percent. With hiring and remuneration beyond their control and wage payments heavily taxed, the effectiveness of the personnel management by foreign enterprises may be impaired and the real cost of labour is increased to high levels.

Fifth, the repatriation of profits is occasionally problematic. When foreign exchange earnings decline due to reduced export prices or volumes, the Government of Cuba postpones the payment of profits in foreign exchange rather than to cut import purchases. While this is understandable, it is problematic for foreign investors.

A further potential problem that must produce unease for Canadian and other foreign enterprises operating in Cuba is the absence of basic labour rights. Cuban workers do not have the right to undertake independent collective bargaining, or to strike. Unions are not independent organizations representing worker interests, but are official government unions. Independent unions and attempts to establish them are illegal in Cuba. The International Labour Organization’s Declaration on Fundamental Principles and Rights at Work includes, as the first fundamental right of labour, “freedom of association and the effective recognition of the right to collective bargaining” (ILO, 1998). The UN Universal Declaration on Human Rights also emphasizes freedom of assembly and freedom of expression. Business operation and profit-making through collaboration in such an internationally unacceptable legal environment, places Canadian and other foreign firms in a disreputable and extra-legal situation.

³ A well-publicized case of what appeared to be discretionary decision-making is that of FirstKey Project Technologies, which had been in negotiations for a US\$450 million joint venture project to upgrade the old Soviet-era electrical generation plants, thereby improving Cuba’s electricity system. This project was apparently supported with a CA\$600,000 grant from the Canadian International Development Corporation. According to the Chairman of the enterprise, the Cuban Government reneged on the contract and then used the FirstKey engineering study as a guideline in discussions with enterprises in a number of European countries. There are a variety of other similar stories in circulation. The result of these is that the business community has become somewhat more skeptical regarding investment potentials in Cuba (De Cordoba and Vizthum, 1999).

Finally, the Helms-Burton Bill (or the Cuban Liberty and Democracy Act) intensified uncertainties for foreign enterprises entering joint ventures with properties that might conceivably have been confiscated from American citizens. Perhaps the only Canadian firm seriously affected by this is Sherritt, which is working the Moa mine and processing plant that were confiscated from Freeport Sulphur in 1960. The confiscation/compensation issues in general, and the Moa Bay Freeport Sulphur case, in particular, are complex, and it seems almost impossible to predict a final outcome for Cuba or for Sherritt. However, other Canadian enterprises establishing in Cuba are aware of the Helms-Burton Bill and seem to have avoided involvement with properties subject to possible litigation.

Canadian Development Assistance

From June 1994, when Canadian development assistance to Cuba commenced, to 2008, the Canadian International Development Agency (CIDA) has allocated approximately CA\$85million to Cuba. Of this amount, CA\$38.2 million has been bilateral assistance. Another CA\$44 million has been allocated through CIDA's Partnership Program, with NGOs, universities and other organizations as the executing agencies. About CA\$2.5 million has been allocated through multi-lateral bodies. Details of the assistance programming are summarized in Table 5. About 36 percent of Canada's assistance has been economic in character, with about CA\$21 million in a program area labeled Modernization of the State. Another CA\$10.8 million from CIDA-INC has been used to support the initiation of projects by Canadian enterprises with Cuban counterpart firms, or to promote Canadian export activities, with an emphasis on the 1994 to 1999 period, when approximately CA\$6 million was provided for about 30 projects. Some of the main economic programs were micro-enterprise tax administration, economic management, and support for technical training and computer acquisition at the Central Bank, a program to help strengthen administration and professional economics at the Ministry of Economics and Planning, and training/certification programs for tradesmen in some basic industrial areas. Various types of commodity assistance were provided as well, including CA\$5 million for food aid (soya), paper for school notebooks and texts, and pharmaceuticals (CA\$14 million). Much of the assistance provided by NGOs was also aimed at various types of economic activities at the community level.

A small amount of assistance, some CA\$1.7 million, was directed toward human rights and governance initiatives, including a Human Rights Fund Pilot Project and a Dialogue Fund with multiple Canadian and Cuban partners. In the 2000-2006 period, substantial emphasis continued to be placed on economic areas under the Modernization of the State rubric. However, CIDA also directed funding towards local development projects as well as an interesting range of social and environmental projects through their Partnership and the Bilateral Branches, with NGOs and the universities as executing agencies.

Table 5. Canadian Development Assistance to Cuba, 1994–2008

Assistance Program and Partners	Years	Value C\$ millions
I BILATERAL DEVELOPMENT ASSISTANCE		
A. Support for Economic Reform		
Micro-Enterprise Taxation (Revenue Canada/ONAT)	1996-2000	5.0
Training in Monetary Policy (Bank of Canada/Cuban Central Bank)		n.a.
Economic Management Training (Dalhousie, U. Toronto/Ministry of Finance)		2.0
Economic Policy Dialogue		n.a.
B. Dialogue on Governance and Human Rights		
Human Rights Fund Pilot Project	1995-1998	0.50
Dialogue Fund (Multiple Canadian and Cuban Partners)	1997-1999	1.20
C. Social Sector		
Paper for School Notebooks and Textbooks	1997-1998	6.50
Medicines	1997-1998	1.00
Local Initiatives Fund	1998	0.30
Food Aid (Soya Oil)	1998	5.00
SUB-TOTAL	1994-1998	18.60
II NON-GOVERNMENTAL DEVELOPMENT ASSISTANCE		
A. NGO Division		
Numerous Projects, Canada-Cuba Inter-Agency Project (15 Canadian and 20 Cuban NGOs)		n.a.
B. Institutional Cooperation Division		
Carleton University/University of Havana	1997-2002	4.80
University of New Brunswick/Cuban Universities, Bio-Medical Engineering	1996-2000	0.48
University of New Brunswick/Cuban Universities, Marine Biology	1997-2000	0.71
University of Sherbrooke/University of Havana, Cooperative Management	(Five Years)	0.75
University of Manitoba/National Institute of Epidemiology and Microbiology, Environmental Health Risk Assessment	1999-2004	0.75
McMaster University./ISPJAE, Information Management	1997-1999	0.13
McGill University, Management in Tourism	1996-1998	0.74
Simon Fraser University, Small Business Training	1995-1997	0.75
Dalhousie University/Three Cuban Universities	1999-2004	0.75
M.A. in Integrated Coastal Zone Management	1995-2001	0.57
Canadian Urban Institute and Evergreen Foundation Metropolitan Park Restoration	1997-2000	0.35
New Brunswick Community Colleges/Universidad de Cienfuegos, Support for Continuous Education Programs	1997-2000	0.35
Collège de Maisonneuve, Health and Nutrition Training		
C. Youth Programming		
Canadian World Youth/Cuban Ministry of Education		n.a.
Youth Exchange Programs		n.a.
Your Internship Program: Assignment of 23 young graduates for work in Cuba	1994-1999	6.00

Assistance Program and Partners	Years	Value C\$ millions
D. Industrial Cooperation Program Thirty activities: feasibility studies, training, environmental and technology transfer SUB-TOTAL		11.60
III MULTILATERAL DEVELOPMENT ASSISTANCE Contributions to Cuba through UNDP, UNICEF, FAO, World Food Program, PAHO TOTAL	1994-1999 1994-1999	3.80 34.00

Sources: CIDA, *Canadian Cooperation in Cuba* (July 1999), www.acdi-cida.gc.ca; Roman Ozga, *Institutional Partnership Divisions in Cuba*, (Ottawa: unpublished CIDA document, 1999); and CIDA Communications (1997) *Corporate Memory Project Summary: Cuba*, November 27.

Table 5 Continued. Canadian Development Assistance to Cuba, 1994-2008

Assistance Program and Partners	Years	Value C\$ millions
I BILATERAL DEVELOPMENT ASSISTANCE	1994-2008	38.5
A. Modernization of the State Tax Administration (Revenue Canada/ <i>Oficina Nacional de Administracion Tributaria</i>)	1996-2005	6.0
Economic Management (Ministry of Economic Planning)	1999-2005	6.9
Capacity Building (Certification Standards/ Ministry of Basic Industry)	2001-2009	8.1
B. Local Development Cuba NGO Strengthening Project (Oxfam)	2000-2003	1.0
Community-based Development Project		1.2
Local Human development in Eastern Cuba (UNDP)	2004-2009	5.0
C. Social Sector Development Pharmaceutical Donations (Ministry of Health)	1995-2006	14.8
D. Environment and Climate Change Forestry management	2002-2005	1.2
Rio Almenderas Clean-Up project		0.23
Three climate change projects		1.4
II PARTNERSHIP BRANCH	1994-2008	44.0
NGOs Social Service Access (CARE Canada)	2003-2004	0.7
Health projects (Comite de Solidarite Tiers-Monde de Trois Rivières)		1.1
Wildlife Management (World Wildlife Fund Canada)	2003-2007	2.1
A. Universities and Colleges Northern Alberta Institute of Technology	2000-2004	0.4

Assistance Program and Partners	Years	Value C\$ millions
University of New Brunswick, Biomedical Engineering and Marine Sciences	1999-2005	1.5
University of Sherbrooke, MA in Co-operative Management	1998-2004	0.7
Dalhousie University, MA in Coastal Zone Management	1999-2004	0.7
University of Guelph, Environmental Engineering	2002-2007	0.8
University of Manitoba, Environmental Health Risk Assessment	2002-2005	0.5
New Brunswick Community Colleges, various projects	1999-2008	1.5
Institut de Technologie Agro-alimentaire de la Pocatière, Sustainable Agriculture	2003-2008	0.5
B. Youth Programming		
Canada World Youth Exchange Program	2002-2005	1.5
C. Other Institutions: various projects		1.5
D. Industrial Cooperation program		
Support for Canadian firms in association with Cuban Counterparts (53 since 1994)	1994-2006	10.8
III Multilateral Assistance:		
Canadian contributions to Cuba via UN Organizations (World Food Program, UNDP, UNICEF, UN Population Fund, and Pan-American Health Organization)	1996-2006	2.5
TOTAL	1994-2008	85.0

Source: CIDA (2006).

Although difficult to quantify, there have been significant benefits for the Cuban people from CIDA's assistance programs. The commodity assistance was of obvious importance in view of the shortages of foodstuffs and basic teaching materials in the 1990s. In-kind contributions of pharmaceuticals have been of similar benefit. The project in support of tax administration for the micro-enterprise or self-employment sector has been vital for public revenue generation. However, it has also permitted the imposition of taxation burdens, which are particularly onerous and perhaps lethal for such enterprises. The other projects in support of public administration, the quality of training in economics, and economic policy-making will have important benefits in the long run, although short-term benefits are hard to detect. The small governance and human rights projects from the Cuban perspective seem to have been a cost for obtaining other financing, but from the Canadian perspective they appear to have been ineffective.

International Migration

An economic dimension of Canadian-Cuban relations of steadily increasing significance is migration from Cuba to Canada. As indicated in Table 6, Cuban migration to Canada has risen from levels in the hundreds in the 1980s to around 1,300 for 2007 and 2008. This, of course, is small compared to the overall flow of immigrants to Canada, which was 262,236 in 2005 and also relative to Cuban emigration, which was 33,358 in 2005 (Citizenship and Immigration Canada, 2009; Oficina Nacional de Estadísticas, 2005). An unknown number of

the Cuban immigrants to Canada moved to the United States, especially Florida, reflecting the attraction of the large Cuban-American population there, and the weather.

Emigration from Cuba to Canada has increased due to “push” factors, namely economic difficulties and the political situation in Cuba, and corresponding “pull” factors in Canada. The possibility of migration has increased as contacts with Canadians have intensified. This has occurred mainly through tourism: significant numbers of Cubans have left their country after meeting and marrying Canadians. Other contact with Canadians has occurred through business, educational, and professional travel abroad by Cubans.

Detailed sociological information on Cuban emigrants is not available. However, my general impressions are that Cuban immigrants to Canada are relatively well educated, industrious, self-activating, and entrepreneurial. Cuban migrants also seem to be relatively young, for the most part, many having recently finished their education and just starting out on their careers. Migration arising through family re-unification and migration of children in families also occurs. Many Cuban immigrants seem to have done reasonably well and have found work in their professional areas, something that is not easy in a new society, culture and language.

Table 6. Cuban Permanent Residents into Canada, 1980-2006
(Number per year)

Year	Number	Year	Number	Year	Number
1981	40	1991	165	2001	971
1982	93	1992	237	2002	899
1983	106	1993	385	2003	876
1984	110	1994	372	2004	858
1985	148	1995	443	2005	979
1986	133	1996	512	2006	1,045
1987	140	1997	560	2007	1,338
1988	83	1998	525	2008	1,296
1989	129	1999	693		
1990	73	2000	854		

Sources: Citizenship and Immigration Canada.

Prospective Canadian-Cuban Economic Relations

The future economic relationship between Canada and Cuba will be shaped mainly by three factors: the strength and durability of Cuba’s economic recovery; the nature of Cuba’s economic policies affecting trade and foreign investment; and the character and timing of normalization of relations with the United States.

A sustained recovery of the Cuban economy would promote a deepened and broadened economic relationship with Canada. A growing Cuban economy would permit increases in imports from all trading partners, including Canada. At the same time, economic recovery in Cuba also requires expansion of its exports of goods and services. Export-led economic growth will involve increased tourism and increased exports of goods and services.



Is an enduring recuperation of the Cuban economy probable in the next decade or so? This difficult speculation is well beyond the scope of this essay. However, a few comments are in order here. First, the driving force for the Cuban economy, namely export earnings, strengthened since the mid-1990s to 2007 due to tourism, medical services and nickel exports, but not due to other merchandise exports, which have declined. The foreign exchange situation has also benefited from Venezuelan low-cost credits and subsidies (for petroleum purchases), service purchases (medical, educational and civil servants), and foreign investment projects, estimated to have amounted to US\$9.4 billion in 2008 (Mesa-Lago, 2009: 10).

Is this foreign exchange situation sustainable? A quick estimate would be “yes” with respect to nickel exports, and tourism. However, subsidization from Venezuela may not continue for long, dependent as it is on the generosity of President Chávez and the continuation of high petroleum prices. Cuba’s medical service exports will be transitory—one hopes—as medical systems in other countries improve and their medical personnel become more adequate, although for some countries this will take many years. However, one could envision Cuba strengthening its role as a medical centre and becoming a health education hub for the region, building on the strength of the Latin American Medical School and its medical system. Little progress appears imminent regarding the expansion of other merchandise exports. The recent performance of traditional exports such as sugar, alcoholic beverages, tobacco products, fish and seafood has been weak and shows little sign of improvement. New exports of manufactured products have not appeared on the scene in a significant way and are obstructed by some public policies, such as the dual exchange and currency systems, and the blockage of the emergence of small and medium scale enterprise. Pharmaceutical exports may hold some promise in the longer term, but have been somewhat disappointing relative to the high hopes once placed in their prospects. Oil exploration in the Florida Straits may lead to extraction and possibly exportation, but the time horizon for this will likely be 10 to 20 years—barring major changes in policies toward foreign investment and relations with the United States. On balance, the export earnings picture remains mixed, and probably with only limited and gradual prospective improvement.

Other elements of Cuba’s development strategy have not changed, and are unlikely to change for some time, even after President Raúl Castro leaves the scene. The central elements of this strategy include a continuing predominant major role for public ownership and state planning; a minor role for the domestic private sector, together with limited direct foreign investment; maintenance of social programs within the context of conservative monetary and fiscal policies; and acceptance of monetary dualism. This basic approach, in place more or less since 1993, has had reasonable results so far, achieving an average annual growth rate in per capita terms of 3.4 percent from 1994 to 2002 and 5.9 percent from 2003 to 2009 (UN, 2009: 159). Positive but modest results should continue for some time after the 2008-2010 recession subsides. However, if petroleum exports were to become possible, the picture might improve dramatically. The downside possibility is that nickel prices remain low; offshore oil extraction is delayed; lower petroleum prices, or the replacement of President Chávez, impair the ability of Venezuela to support Cuba financially.

Some continuing problems may prompt skepticism regarding Cuba's economic prospects in the near future. Among the difficulties and uncertainties often cited are: a dual exchange rate system with negative consequences for export diversification and expansion; a generalized blockage of people's initiatives, energies and entrepreneurship due to the unwillingness to extend further the reform process, especially for micro and small enterprise; the continuing and disastrous deterioration of parts of the infrastructure, most notably housing. Particularly worrisome is the continuing low level of investment, with gross investment as a percentage of GDP in Cuba averaging 8.6 percent from 2000 to 2008 in comparison with 18.7 percent for Latin America as a whole (Naciones Unidas, 2009: 160).

Is the optimistic or the pessimistic estimate of Cuba's economic future more probable? Perhaps both are at least partially appropriate. In any case, the stronger and more sustained the economic recovery of Cuba, the better for Canada's relations with Cuba in terms of mutually beneficial interaction through trade, tourism, and investment.

The second set of factors that will shape Canada's future economic relations with Cuba is in Cuba's policies relating to trade, foreign investment and tourism. These policies are unlikely to undergo dramatic change in the short to medium term and "more of the same" would be an obvious prediction under Raúl Castro's leadership. A further liberalization of economic policy and strengthened *apertura* appears improbable, but a reversal of the semi-*apertura* policy measures is also unlikely because the cost to Cuba would be high. This implies that the basic Canadian-Cuban economic relationship should not be affected seriously by changed Cuban policies in the next few years. However, Cuba has shifted its priority partnerships to China, which provides generous trade credits, and Venezuela, which provides generous credits, and service purchases and oil sales at highly favourable, essentially subsidized, prices. The state trading that, in part, characterizes these relationships is not intrinsically beneficial for Canada.

Thirdly, the normalization of United States-Cuba relations, when it occurs, will have a major effect on the Canada-Cuba economic relationship. Although any analysis of the possible processes of normalization is also beyond the scope of this paper, there can be no doubt that it will take place at some time, and possibly during the Obama Presidency—although by early 2010, impasse was continuing and hopes for a rapprochement were dimming. When normalization is established, it will have important effects on Cuban trade patterns, direct foreign investment, tourism, financial flows, and the availability of credit from international financial institutions and commercial banks, as well as on Cuban economic prosperity.

The most immediate impact of normalization would likely be an increase in US tourism to Cuba. After almost half a century of the embargo, there is a huge pent-up demand on the part of Americans to visit Cuba, and one might predict an explosion of "curiosity" tourism. Family reunification tourism, short-term convention tourism, weekend tourism, cruise ship tourism, ecological tourism, students' holiday tourism, sport tourism, medical tourism and snow-bird tourism (by pensioners for some of the winter months) should all increase as well. The result would likely be higher prices in tourist facilities, a construction boom in hotels, time-share condominiums, and seaside cabanas, and an expansion of all tourist-related activities. The

likely impact of such an expansion of US tourism is that Canadian tourism, which is concentrated in the lower cost beach areas, would be squeezed out, in part by higher prices.

Normalization with the United States and the prosperity that this should help generate would lead to expanded exports of goods and services to Cuba from the United States and vice versa. This is due to geographic and transport factors, as proximity provides low-cost and rapid access to many of each other's markets. More frequent freighter connections, high speed hydrofoil passenger boat connections, a re-connection of US and Cuban railway systems and a proliferation of airline connections, will lead to a reintegration of the two economies. The diversified US economy can provide a broad range of consumer and capital goods and services competitively with other countries, and with low transport costs and quick delivery times.

Canadian exporters to Cuba, therefore, will face a challenge after United States-Cuba normalization. Canadian exporters of a range of products have established a presence in Cuba. However, it is now clear that the location and logistical advantages of US exporters, plus the interest, activism and advantages of the Cuban-American business community, will outweigh any lingering goodwill effect with Canada. This is borne out by the alacrity with which Cuba shifted from Canadian to US suppliers of agricultural products as soon as this became possible in 2002. Overnight or next-day delivery of products ordered from the United States makes continuation of some types of exports from Canada difficult, as delivery from Canada currently may take up to two weeks or more on ships leaving Canada every week or ten days on average.

On the other hand, some of Canada's current exports to Cuba are competitive with US products and should increase in a post-embargo Cuban economic recovery. Among the exports which may increase with normalization, accompanied by economic recovery, are a number of traditional Canadian exports, including fertilizers (potash), cereals and other farm crops, animal feed stocks, lumber, wood and paper products, and fabricated non-ferrous metals products. Canada also is competitive in certain types of capital equipment, such as some minerals machinery and equipment, some paper-making equipment, medium-size aircraft, railway rolling stock and equipment, urban transit vehicles, telephone communications equipment, electrical generation and distribution equipment, and some specialized vehicles. However, some Canadian exports may be threatened by competition from the United States, including agricultural and food products, chemical products, pharmaceuticals, plastics, a variety of light consumer goods, and some types of machinery and equipment. Various types of light consumer products now supplied principally by China will likely continue to be supplied by that country for some time to come.

The recovery of the Cuban economy, and the increase in foreign exchange receipts that United States-Cuba normalization in time should bring about, will be of benefit for some Canadian exporters while others may be replaced by US suppliers. Will the expansionary effect outweigh the costs of the displacement effect for Canadian exporters? Perhaps, but this is not assured.

Normalization will also induce American enterprises to invest in Cuba, perhaps most immediately in petroleum extraction. With no further changes to the foreign investment law and within the current policy environment, one can imagine some, but not many, US firms

entering joint ventures. However, with policy liberalization in a post-Raúl Castro situation, one can imagine large numbers of American enterprises investing in Cuba. Cuban-Americans would also enter Cuba to set up small businesses or to finance business ventures with their Cuban relatives or counterparts.

Most Canadian firms in existing joint venture arrangements seem to have entered Cuba with a long-term time horizon and knowledge that normalization with the United States would eventually occur. They appear to be ready to adjust to this eventuality, although some may face difficulties. Sherritt's joint venture may face property-rights complications. This potential claim does not appear to be of great concern to Sherritt, but any property-rights dispute between the United States and Cuba over Moa could produce major uncertainties and problems for Sherritt.

In summary, there are future uncertainties and challenges regarding the Canadian-Cuban economic relationship. The character and intensity of future economic performance in Cuba, Cuba's policy environment, and the timing and nature of the normalization of relations with the United States are all ambiguous and uncertain. These factors will have mixed effects that, on balance, should be positive for Canada and Cuba.

Conclusion

Canada and Cuba have further developed a mutually advantageous economic relationship during the 1990s and 2000s. Trade, tourism, foreign investment, development assistance, and migration all have expanded significantly from 1994 to 2010, albeit with ups and downs. The Canadian economic connection has been especially valuable for Cuba, as it has been responsible for a large proportion of Cuba's foreign exchange earnings generated by tourism, nickel exports, and foreign investment in mining, domestic oil and gas extraction, and electricity generation.

Canada's economic relations with Cuba are likely to change in a variety of ways in the next 10 to 15 years. First, the United States and Cuba will undoubtedly normalize their relations. When this happens, the economic and human interaction between those countries will overwhelm the Canada-Cuba interaction. The geo-economic gravitational pull of the United States will be strong. After United States-Cuba rapprochement, Canadian trade and investment as a proportion of total trade and investment will likely diminish, although both might increase in absolute terms. In sum, the displacement effect will be powerful. Will it outweigh the expansionary effects on Canadian economic relations with Cuba that will result from the economic recovery and that will be stimulated by United States-Cuba normalization?

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CANADIAN-CUBAN ECONOMIC RELATIONS: THE RECOGNITION AND RESPECT OF DIFFERENCE

LUIS RENÉ FERNÁNDEZ TABÍO*

Introduction

The economic relationship between Canada and Cuba, for the most part, has been characterized as a prosperous and positive exchange for the two countries and its people. Even so, there have been periods of tension, particularly after 1959, due to the geopolitical location of the two countries relative to the United States. This has resulted in their relations being influenced, and frequently affected by American hegemonic power and its intentions for Cuba. American foreign policy on Cuba, defined in the context of domination, control, and subordination, remains in direct conflict with the fundamental interests of Cuban sovereignty and independence. In the growing economic integration of Canada with the United States, the persistence of US policy to facilitate the so-called transition of Cuba within American terms contributes to underlying tension in the area. The location of Canada in relation to the two implies that the process of Canadian foreign policy formation will also be impacted.

The argument of this paper is that Canadian-Cuban relations could function within a different framework as a kind of new paradigm for North-South relations in the Western hemisphere in the face of US hegemony and its confrontational policy toward Cuba. Despite geopolitical and ideological obstacles, Canada and Cuba have benefited over time from a practice of good business, providing a stable and prosperous base for the two nations to critically analyze structures they could build upon for future relations. Of note is that the force behind the increasing trade and investment between Canada and Cuba is not necessarily driven by monetary gain in the traditional sense of economic development. Rather, as this paper suggests, Canadians and Cubans appear to be comfortable with each other at a basic human level that allows them to bypass obstacles persistently set in place by the United States. Perhaps the significance of this relationship could be explained better as some kind of mutual understanding the two have in the making of a new history, as the outcome of the sharing of a common geographic position in relation to the United States.

Historical Background

In one form or another, Cuba being in the neighbourhood of the United States has always meant that the island nation has had a certain and particular kind of socio-economic and political reality. It is hardly possible to examine Cuban current history—neither its economic activities nor its cultural development and national identity—without drawing attention to the historical context of Cuban interaction with the United States. During the initial stages of the Cuban Revolution it was not an option for the new government to be treated as an equal to the United States. Upon meeting Fidel Castro for the first time, during an unofficial visit to the United States in 1960, former Vice President Richard Nixon took on the role of

* Dr. Luis René Fernández Tabío is a senior professor and researcher at the Centre for Hemispheric and US Studies (CEHSEU), Universidad de La Habana, Cuba. Specializing in economics and United States/Cuba relations, he has recently published articles in *Cuadernos de Nuestra América* and *Contexto Latinoamericano*, among others. Fernández Tabío currently holds a research grant from the International Council for Research in Canadian Studies (ICCS) and has been the past recipient of fellowships from academic institutions in the United States, Chile, Japan and Mexico.

patriarch of the Cuban nation to set the tone that Cuban sovereignty and independence would not be taken seriously:

The affirmation of national sovereignty and self determination and the demand for control—control over their resources, control over their lives, control over their future, much of which had been derived from US sources—were simply not accepted at face value in the United States (Pérez Jr., 1999: 490-91).

This subordination of Cuba to the United States dates back to colonial times, with a succession of US governments expressing an interest to purchase, annex, or subordinate Cuba as a possession or a protectorate under neo-colonial status, justified for the most part within the framework of US security (Franklin, 2006: 3-8).

While the majority of Spanish colonies in America gained their independence around 1825, in 1898 Cuba endured a second and very costly war against Spain under the leadership of Antonio Maceo and José Martí who, as part of the new generation of Cuban patriots, were explicit on how Cuba, as a nation, needed to maintain at all costs its independence from the United States. Martí had lived for many years in exile in the powerful northern country, carefully observing the long-standing and deeply imbedded interest that America had in Cuba. Since the nineteenth century, it had been clear to Martí, and the other leaders of the struggle for Cuban independence, that Cuba had to confront Spain, a declining power, as well as to remain steadfast against the rise of American expansionism as a hegemonic power, including its desire to control and subordinate Cuban independence and sovereignty to serve its own interests.

As a young nation in the 1870s, Canada was faced with similar challenges in respect to post-colonial designs on its economic development through both London and Washington. At that time, Canada had limited relations with Cuba, and until 1945 relations between the two countries, for the most part, were handled through the High Commission in London. Despite attempts on the part of Canadian Prime Minister Alexander Mackenzie in 1876 to initiate trade relations with Cuba and the Dominican Republic in the Caribbean region, the British government was more concerned on how this might impact the British Antilles. As well, it was easier for Spain to sell its excess Cuban sugar to United States, a major market only 90 miles to the north, than to focus on markets elsewhere in the hemisphere. With Canada purchasing 28,372 tons of sugar in 1895 in comparison to the 769,000 that went to American refineries, Kirk and McKenna (2007: 15-16) point out that the United States was already a geopolitical and economic obstacle to the development of Canada-Cuba economic relations.

Following the 1898 Cuban War of Independence, or the Spanish-American War as articulated through the lens of United States, America began its legacy of nation building by establishing a military government in Cuba from 1899 until May 20, 1902, when US occupation ended and Cuba became formally independent. The United States, however, maintained its prerogatives to control Cuba politically and economically by imposing amendments to the Cuban Constitution with the 1901 Platt Amendment. This included the right to American naval bases on Cuban territory, and the Guantanamo Naval Base was established.¹ At this point, Cuba became a kind of American protectorate—a semi-colonial

¹ The Cuban Government has called for the devolution of the territory that the Guantanamo Naval Base occupies on the grounds that it is an illegitimate occupation that violates Cuban sovereignty. This demand has become particularly sensitive in light of its recent use as a prison where abuses and violations of human rights have been well documented.

status—with the United States assuming its right to continue intervening in Cuban affairs. Throughout Cuban history, the issue of independence has been a central imperative and a primary motivation to help to explain the current government's political and economic approaches to its own internal and external affairs. The issue of Cuban sovereignty, on its own terms, remains a very complex and challenging process to this day, as it is neither accepted by the American government nor will it be resolved by Cuba succumbing to American interests (Leogrand & Thomas, 2002).

In the early years of their respective stages as independent nations, Canadian/Cuban relations moved through different periods of development. Canadian engagement with Cuba was limited, following Cuba's formal separation from Spain in 1898. This was in part due to Canadian external diplomatic representation being developed out of the High Commission in London and not on Canada's own terms as a nation-state, as it was only in 1944 when Canadian Prime Minister McKenzie King called for Canadian representation in Peru, Cuba and India (Macadam, 1944: 519). In this way, formal diplomatic relations between Canada and Cuba were not long in place before the triumph of the Revolution in January 1959. Since then, Canada-Cuban economic and diplomatic relations have been influenced by the interactions with various Canadian prime ministers, beginning with the level of oppositional influence in the Canadian Parliament and/or the international environment. Later, the United States instilled a set of economic definitions over Cuba that had both direct and indirect influences on the way in which Canada viewed the island. The American factor became an important, if not a decisive, element in the nature, characteristics and development of bilateral relations (Kirk & McKenna, 2009). With few exceptions, the Canadian government has refrained from making public criticism of American policy, by either deploying effective actions or challenging its projection to the region, in particular if and when the issue is seen as sensitive in respect to national security.

On the other hand, Canadian governments since 1959 have attempted to articulate a different approach in respect to relations toward Cuba. Worthy of note is that Canada was one of the two countries in Western Hemisphere that did not break formal relations with Cuba at the time of the Revolution, although Canada's underlying position remained that Cuba should focus its economic and political systems to correspond with capitalist liberal values. The general difference between the United States and Canada has been explained as two nations having very different histories in respect to their founding myths, which contribute to how the two nations approach and negotiate international issues (Holmes, 1961).² Mark Entwistle, the Canadian Ambassador to Cuba from 1993 to 1997, identifies these fundamental differences as Canadians and Americans having "different political cultures, values and self-identities" (2009a: 291) which would influence their respective approaches in articulating the problem of Cuba.

In a different way than Cuba, Canada also has had to negotiate its position of asymmetry in relation to its imperialist neighbour to the south in terms of size, market dependency, and political and economic power, which has always limited Canada's ability to influence or oppose American policy. This lack of balanced interdependency between the two nations has left Canada having to continuously redefine itself with respect to, and in relation with, the American position as world leader. This, in turn, has allowed the United States to impede

² Ironically, US policy on Cuba has always been presented as inspiring values for Cuba's socio-economic transformation, branded with such concepts that have value for the Cuban way—liberty, freedom, human rights and democracy—but laden with the intent to reinsert the island into a so-called market economy and a North-Western style of representative democracy.

Canada/Cuba relations. Over the years, electoral pressure in Canada may have, in part, impacted on broader policies for Canadian sovereignty to differentiate itself from the United States, so that Canadians can believe that they are not subordinated to the so-called American way, and has made Canada appear to be an ally of Cuba. However, Canada not taking strategic steps to speak out against American policy could also be read as being ambivalent to Canada-Cuba relations.

Robert Wright describes Canada's Cuba policy after the Revolution as ranging from constructive engagement to benign neglect, with the former associated with the Liberal governments of Pierre Trudeau and Jean Chrétien and the latter with the approach of Conservative leaders, John Diefenbaker and Stephen Harper. Of note is the adjective "benign", a reference to "the most anti-Castro of Tories" who nonetheless made a point of not having followed suite with its American neighbour to "subject Cuba to punitive trade and diplomatic sanctions" (2009: 195). With Canada not following the American decision to break formal relations with Cuba after the imposition of the 1961 blockade, the key difference has been the US tactics in relation to Cuba. Canada may not have wanted to provide aid and comfort to the so-called enemy, but at the same time it wanted to stand apart, in the belief that steps taken by the United States were not necessarily the best way of resolving the issue (Holmes, 1961: 107). More recently, the instrument on the part of the United States has been the strategic exercise of third party intervention to draw Canada into the conflict between the United States and Cuba. The 1992 Torricelli Law and the 1996 Helms Burton Law, as strategic American policies, affected Canada's practice of commercial trade and investment with Cuba, even though Canada was not the direct target of the imposition.

Revisiting Past Instruments in Canada/Cuban Relations

There are features of the exchange between Canada and Cuba that imply mutual respect in spite of ideological, political, and economic policy differences. Focusing on these features, it is possible to reconsider Canada-Cuba relations to explore a new paradigm in New-South cooperation. Such a reformulation should focus on actual existing relations, aside from the traditional assumption that Cuba's socio-economic system must change. Traditional responses to the Cuban question have shifted back and forth between economic sanctions and isolation on the one hand,³ and constructive engagement on the other. Both of these approaches appear to have failed, and what has emerged in practice has been a relationship based on a degree of mutual respect. The intent here is to neither denounce neoclassical approaches to economic and political relations, nor to reject ideological referencing. Rather, it is to suggest ways of situating economic and political relations that merge within existing frameworks away from the otherwise binary approaches and responses that reflect dominant power structures, without considering other worldviews. An approach highlighting positive human exchanges that have occurred between Canada and Cuba over time could contribute to the redefinition and adjustment of the governmental policy practices, institutional frameworks and regulations to improve future relations between the two countries. This, in turn, could be useful as a lens to examine the theoretical basis of the United States/Cuba conflict that could impact Canadian-Cuban relations in a future context.

³ Canadian governments, in principle, have disagreed with the American imposition of economic sanctions and isolation upon Cuba, but officially Canada does not exclude its use with other cases: "The imposition of economic sanctions against foreign States and non-State actors remains an important instrument for the international community in the enforcement of international norms and laws" (Canada website, nd).

Trade and commerce should not be understood as independent factors that define or promote bilateral relations, without considering that economic relations are also social relations. The key is in recognizing that the success of trade and business is in the nature of human relations, for even without official or measurable credit exchange there remains a very intense interaction in a social context to promote basic human understanding. Economic relations and, in specific terms, tourism as an industry, are primary examples in the case of Canada and Cuba.

However, this need not be the sole possibility, as investment, trade and, in fact, all business relations are grounded in the same fundamental human principles.

The American system of sanctions, referred to as an embargo in the United States and an economic and financial blockade in Cuba, has established the context in which Canada-Cuba economic relations have evolved over the past fifty years. As a theoretical approach, the effectiveness of this political instrument, whose aim has been to cause the collapse of the Cuban government, has been dependent on “the adherence of all members states to their application” (Daoudi & Dajani, 1983: 167). The fact that the Revolution has not collapsed in fifty years is evidence of the failure of the economic blockade, but this does not imply that the blockade has not damaged Cuba or its relations with other countries. The blockade itself has been highly destructive in that it has both reduced Cuba’s economic dynamism and import capacity as a nation-state, and eroded its capacity to develop trading partners elsewhere. Nevertheless, the result of the persistent intimidation of America’s claim of extra-territorial control of Cuba, and its oppressive intent upon the island post-1959, has provided the opportunity for Canada to develop and strengthen bilateral relations with Cuba on its own terms. This relationship might not have otherwise occurred had Canada remained in the competitive shadow of the United States, and has contributed to the importance of Canada in the eyes of the Cuban government.

The Inroad to Canada/Cuban Trade Relations

The broader shift in international economic and political conditions has also been a contributing factor to the evolution of Canada-Cuban relations. The rise of conservatism, with the election of United States President Ronald Reagan in 1980, unfolded as a new philosophy of neoclassical political-economic reforms that spread across Latin American countries, resulting in a debt crisis that has come to be known as the lost decade for development. The Washington Consensus emerged with a new flow of economic integration, influenced by the promise of new free trade agreements that presumed to aid development in Latin America by opening the door to liberalize and reduce state intervention in the market economy. This process introduced a hostile economic and political environment against the socialist principles of the Cuban society, as well as any other social movement in Latin America dedicated to development and social change.

By the end of the 1980s the Cuban economy was beginning to feel the impact of the debt crisis. This was not fully realized until the fall of the Berlin Wall and the collapse of socialism in Europe. This had a pronounced impact on the Cuban economy, and thus began a significant economic crisis in the early 1990s that has come to be known as the “Special Period in Time of Peace”. The collapse was a profound shock to the economic structure in

Cuba, significantly reducing Cuban economic growth and, of course, trade with Canada was adversely affected. However, with economic relations with the Soviet Union abruptly disappearing, this also marked the beginning of a shift in Canada-Cuban economic relations. Between 1989 and 1994, Canadian exports to Cuba fell as a result of challenges faced by Cuba in respect to capital. A reorientation of Cuban exports, once part of a special trading arrangement with the former Soviet Union, resulted in a shift of Canadian imports, and the indications of recovery between 1995 and 1998.

Throughout the 1990s, with the swirl of globalization, the debt crisis, the neo-liberal structural adjustment, Washington Consensus, and the new impulse to Free Trade Agreements as a solution for economic growth and development, Cuba took the necessary steps to adjust to these conditions within the terms and the context of the Revolution which, in turn, resulted in the Canadian economy taking on a significant role in Cuba. It would be beneficial at this point to more closely analyze some false expectations about the leverage of Canada on the restructuring of the Cuban economy towards the so-called transition. Some statistical information could help situate the growing significance of Canada with respect to Cuba from late 1980s to early 1990s.

From the perspective of foreign trading partners, Canada has been one of the main markets for Cuban products. If 1989 represented only a little over one percent of Cuban exports heading to the Canadian market, there was a significant rise to almost 11 percent by 1992. Interestingly, while Cuban exports, in general, rapidly decreased between 1989 and 1992 due to the impact of the Special Period, Cuban exports to Canada increased during that time. By 1998, 16 percent of Cuban exports went to Canada, amounting to CA\$232.5 million. Approximately 76 percent of this amount consisted of mining products in the form of raw materials for the manufacturing of nickel. The key exports from Canada to Cuba during that time were food products such as grain, and accounted for about 20 percent of total imports to the island (CEPAL, 2000b).

Canada's investment in Cuba was the most important of all foreign investors during that initial stage of readjustment, because of much-needed financial resources as well as the strategic nature of Canadian participation in worthwhile projects to support the national economy from a technological point of view, and for access to an important foreign market. Because of the extraterritorial nature of economic sanctions on Cuba, access to information on foreign investment in Cuba is maintained with great discretion by Cuban authorities, although in a leisurely drive from Havana to Matanzas, Canadian and Cuba flags dot the industrial landscape to mark joint ventures for energy production in natural gas. Throughout the 1990s Canada became one of the leading foreign investors in Cuba, estimated at around US\$600 million in 1999 or 35.2 percent of the total investment in Cuba—a clear indicator of stability and economic results from bilateral cooperation (US Cuba Trade and Economic Council Inc., 1999). Sherritt International continues to be the most relevant and well-known face of foreign investment in Cuba, initially involved in nickel mining but gradually expanding to oil extraction, energy production, telecommunications and tourism, all of which have evolved out of interpersonal human contacts. Ian Delany, CEO of Sherritt, links the significance of personal relations with economic growth and stability in how foreign

investors need to “believe that they are investing in long-term relations with an entire nation” (Pulfer, 2009).

By the end of the decade Canada was among the main sources of tourism in Cuba, with 276,350 visitors coming from Canada in 1999. That year, Canada was ranked first among all countries for the number of visitors, accounting for 17.2 percent of the total tourists received (CEPAL, 2000a). Less than ten years later in 2007, Cuba became the fifth preferred tourist destination for Canadians after United States, Mexico, United Kingdom, and France. 724,000 Canadian visitors in 2007 represented about CA\$629 million in spending power in Cuba (Statistics Canada website, nd); and by 2009 the number of tourists increased to a record 914,884 (Oficina Nacional de Estadísticas, 2010). There is little to no reason to assume that these figures will drop.

Toward a New Paradigm for Economic Relations

The end of the Cold War did not bring a reduction of the economic sanctions on Cuba, but rather the strengthening of the blockade via two American laws known as the Torricelli (1992) and the Helms-Burton (1996), both of which carry extraterritorial implications. There was a general assumption that Cuba’s socio-economic system would collapse with the pressure of these impositions with economic adjustment reforms in place to initiate a transition in Cuba towards a liberal democracy and market economy. As an official response, Canadian Prime Minister Jean Chrétien initiated a constructive engagement policy as an alternative to the Torricelli and Helms-Burton bills. In some ways, it was intended to counteract the otherwise destructive elements of the American position. Examples of the dualism Canada has taken on, in the face of United States, range from interest in the direction of peaceful transition to providing additional assistance as seed money for specific development projects, and from facilitating non-governmental assistance for humanitarian aid to supporting interested outsiders in setting up business relations in Cuba. Warren (2003: 2) outlines how the policy also called “for Cuba’s readmission into the Organization of American States and participation in the Summit of the Americas process” while maintaining the human rights concern. This could be translated as the Canadian government’s overall preference for Cuba to take on a capitalist-style political and economic structure, while preserving economic and social rights under the cloak of socialism.

The election of George W. Bush to the presidency of the United States in 2001 brought another change in American policy toward Cuba, in particular his rejection of the two-track approach and people-to-people diplomacy of the Clinton administration. The September 11, 2001 attacks shifted American foreign policy toward unilateralism, militarism, and the neo-conservative approach. By incorporating a new level of restrictions to travel and exchange with Cuba, another layer was added to the blockade to include the end of people-to-people exchanges, the practical elimination of academic exchanges, and the reduction of travel and remittances. In general terms, security took on high-level concerns and a new political approach that severely affected economic relations and development in an already fragile infrastructure.

At the same time, and due to political changes in the international and economic political environment and transformations in the Cuban economy, there emerged new possibilities for the Cuban economy and its international economic relations, including the export of health services of high aggregated value, and electoral results in Latin America that were more favourable to the left. In 2004 the Cuban GDP began a more rapid growth from 8.4 percent to 11.8 percent in 2005 and 12.5 percent in 2006 (CEPAL, 2006b: 120). The new growth of the Cuban economy could be explained by the increased cooperation with Venezuela, in various agreements inside the Bolivarian Alternative for the Americas (ALBA) as an integration process of trade and commerce, and the marked development in relations with China, including investment, trade and cooperative exchanges.

Improvements in the Cuban economy and changes in Cuban structural integration in regional and world economies impacted Canada-Cuba economic relations for the better, despite the relatively small size of the Cuban market, the increased level of restrictions due to the strengthening of the economic blockade, and post-9/11 influences of the American media on the Canadian psyche. In 2006 Cuba represented the fourth market for Canadian trade within Latin America and the Caribbean, and that year Canada exported \$512 million and imported \$629 million in business with the island. Trade with the region of Latin America and Caribbean countries (excluding Mexico) was very limited, representing 1.3 percent of exports and three percent of imports; yet in the same year imports from Cuba was \$629 million, or two percent of total Canadian imports from Latin America and the Caribbean (Statistics Canada, 2006). Bilateral merchandise trade between the two countries rose to \$1.66 billion in 2008, an increase of 2.6 percent from 2007. Canadian merchandise exports to Cuba, including machinery, inorganic chemicals, cereals and vegetables, rose 36.3 percent in 2008 to a record \$768 million. At the same time, due to the decline of price commodities and the world economic crisis, imports from Cuba decreased 15.3 percent in 2008 to \$895 million, and included the Canadian purchase of mineral ores, copper, tobacco, beverages, fish and seafood (Statistics Canada, 2008).

The Promise of Change

The 2008 presidential election in the United States fuelled great expectations of change in response to two wars without easy solutions in Iraq and Afghanistan, the spiralling impact of an economic crisis, and a level of discontent for American domestic and foreign policy. With Barack Obama winning the election, as the first African American to become President of the United States, there was renewed hope domestically and internationally. Factors considered as reasons for a new approach in American policy toward Cuba include pressure from the US business sector in recent years—significant in the form of \$2 billion worth of food and agricultural goods sent to Cuba—and major changes in the Cuban exile community in Miami who are now advocating for closer relations with Havana, both of which contribute to the realization in Washington that the United States has been defeated in its attempt to isolate Cuba (McKenna & Kirk, 2009: 178). Despite initial expectations, including the platform to discuss possibilities for change to occur, the Obama administration has not shown, thus far, any significant steps to eliminate the economic blockade. In practical terms, Obama has been reinstalling the so-called two-track approach policy, maintaining its main

features introduced by George W. Bush, that is, reinforcing the blockade while opening some limited leverage in respect to communications, including the elimination of restrictions to send remittances and the possibility of allowing Cuban Americans to travel to Cuba. These changes are minimal, and incorporate the issue of conditionality for negotiations with Cuban government, a position not acceptable to Cuba as it represents a hegemonic precondition inconsistent with Cuban sovereignty and independence.

Nevertheless, growth and consolidation of the Cuban socio-economic and political system in the next few years should continue to reflect the failure of the economic blockade and to stimulate action on the part of American economic interests to participate in the trade potential that does exist with Cuba. Over time, this should dissolve the economic sanctions. This step-by-step process of eliminating US sanctions on Cuba will open new opportunities, including the possibility of increased competition for Canadian industries, while offering an advantage to Canada for having established and accumulated trade relations and investments under confident terms during the fifty-year American embargo.

As the United States government incrementally moves to new forms of engagement with Cuba, this could provide opportunities for Canada to further normalize its relations with Cuba. Since Canada and Cuba have established trade relations in a respectful manner, the Canadian engagement would be seen as different, downplaying the pretensions of transforming the Cuban reality as implied in the constructive engagement approach. Canada and Cuba could be in the position of setting the tone for trade relations, given that Canada has already negotiated with Cuba in ways that promote respectful engagement, and that Cuba could therefore trust Canada's intentions accordingly.

In practical terms, this is not a discussion about the growing importance of Canada for the Cuban reinsertion into the world economy, and this does not imply that Cuba should compromise its own economic and political orientation in exchange for Canadian trade and investment, in particular because trade, investment and increased participation in the tourist industry have not happened as the result of a specific governmental policy. Indeed, this relationship for the most part has evolved by Canadians taking their own initiative to come to Cuba and taking advantage of the opportunities at the margins of the American economic blockade and, by doing so, taking on and accepting the risk factor. These risk factors range from the practical challenge of doing business in a infrastructure that has been compromised by a fifty-year economic blockade to the possibility of Canadians being penalized, in whatever form, by the American government as part of the complexity of undertaking business in third-party trade relations.

Some political advisers might assume that the economic importance of Canada for Cuban reinsertion means the existence of real leverage to change Cuba through engagement (Sagebien, 1997). In fact, the intent of the so-called transition of Cuba has not been successful. In addition, the Obama administration has recognized the failure of the United States extreme isolation policy on Cuba in wanting to reinstall the two-track approach to facilitate the transition of Cuba to capitalism and a liberal representative democracy using more communication, diplomacy, and soft power, as well as a newly reinforced economic blockade, and the financing of activities that serve only to undermine the Cuban government. Both extreme isolation and constructive engagement have failed because they both are seen

inside Cuba as affecting the sovereignty and independence of Cuba, which remain key in Cuban political discourse. Entwistle reminds us that “to the degree that political change is the core objective of the policy of either, or perceived to be, it makes no difference at all whether one follows a policy of isolation or one of engagement. Both will fail” (2009b).

Canadian engagement in recent years, particularly in trade and economic exchange, has developed and stabilized despite enormous difficulties. It has been promoted by private business and nongovernmental organizations, and it has been marked by people-to-people relations at a genuine personal level. These relations are an expression of the potential for the formation of a new pattern based on respectful relations in a human dimension.

Conclusion: Towards a New Exchange Paradigm

The key terms for better relations and a new paradigm for North-South relations and inter-American relations, using the Canada/Cuban experience, could be formulated based on similar ideas or principles, including respect of differences between policies and political and economic systems, all of which are legitimated by national identity and history, together with the will of its own people. As nation-states, Canada and Cuba have many distinct features, including political and economic systems, levels of development, and specific sets of international relations. There are other factors that have worked in favour of a normal recognition of differences to take advantage of establishing new patterns of relations in a progressive, cooperative and respectful manner, politically, economically, socially and otherwise.

Cuba does not define its economic relations with Canada on the basis of Canada’s willingness to make changes in the socio-economic and political sectors that are part of the Canadian structure as a nation. The people of Cuba, as well as the Cuban government on an official level, may have their positions on the ramifications of limited access to free health services for Canadian citizens; on education as a universal right for everyone as policy; or, in respect to First Nations people in Canada, on the conditions under which they live or have lived in Canada in relation to a broader understanding of human rights. Topics such as these might be part of a discussion in an exchange between governments, peoples and organizations, but they need not be an instrumental part of the terms and conditions for the relationship between the two nations.

Economic, political, social, and cultural relations between countries, governments, and other organizations should not be based on the intention to change the other. Political instruments to influence the socio-economic and political systems of the other country should not be a part of the relationship regardless of whether these instruments are considered to be soft or hard power. Clearly, from personal exchange to the broader elements of international relations, to impact or influence the other is part of the established relationship as a normal and healthy pattern of human social behaviour—as long as it is not used as a pretext to judge, evaluate or sanction the other based on values that have developed out of different histories, economic structures, experiences, and/or roles in international relations. Unique priorities borne out of the historical experiences and traditions in one society could very well be a common part of a normal functioning in the daily lives of their citizens, and at the same time they could be deemed intolerable or unacceptable in another

society. In the broader history of humankind, war has been used as an instrument of power to conquer, dominate, and exploit others, but it is not the only one way to exercise the use of power to subordinate and change the other. Economic sanctions, isolation, or even constructive engagement could be a cloak to imply violence as an act of war, and should not be accepted as normal behaviour or discourse within the context of international relations.

The exchanges between Canada and Cuba in the future might explore all relations based on respect for each other's ideological, political and economic differences as sovereign independent states. They should be based on recognition of the failure of economic sanctions, regime change, and transition policy, or the Canadian more general version based on the so-called constructive engagement, to transform Cuba. The only engagement that would be truly constructive would be redefined and based on agreement between Canada and Cuba, a respectful recognition of the other, instead of intending transformation without understanding the complexities of interactions on international relations and within the axis of United States-Canada-Cuba, which represents a very asymmetrical triangular interaction.

At a time in which the hegemonic capacity of the United States is declining, and new alternative forms of relations in Latin America and the world are emerging, it would be equally important for Canada to continue to develop an understanding of, and relations with, Cuba that would signify respect for the sovereignty and independence of Cuba, and respect for Cuba's right to form its own national identity. This approach, not completely new, could be based on the right of Cuba and its people to have its own national socio-economic and political system as a model of a relationship based on recognition of, and respect for, differences. This approach also would maintain a respectful distancing of Canada from US policy on Canada's own terms as a nation. This would pave the way to broaden Canada-Cuban relations, not only to include the ongoing development of exchanges in meaningful ways, but would remain an ideal to strengthen North-South relations.

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TO ENGAGE OR NOT TO ENGAGE: AN (A)FFECTIVE ARGUMENT IN FAVOUR OF A POLICY OF ENGAGEMENT WITH CUBA

CALUM MCNEIL*

Introduction

For almost 50 years Canada and the United States have adopted distinct policy approaches to the post-revolutionary Cuban government. American policy has generally sought to isolate, contain and ultimately break the Castro regime, while Canadian policy has sought to engage and co-exist with Havana to varying degrees (Kirk & McKenna, 2005: x; Wright, 2009: 195-196). Yet, as Robert Wright notes, while the policy preferences of the two states have been (and continue to be) quite different in relation to Cuba, both states have—albeit in their own ways—sought to, and felt entitled to, push for political and economic change in Havana—a tendency which became much more overt during the 1990s (Wright, 2009: 196). For while it is true that Canadian policy has evidenced a greater willingness to accept the outcome of the Revolution, it still shares with US policy a belief in the inevitable transformation of Cuba into a liberal, capitalist, representative democracy. More interesting still is the fact that neither policy approach has had the desired effect on the Cuban government. Canadian constructive engagement during the 1990s was a failure¹ and the US policy of embargo has been an utter failure for close to five decades. This begs a number of questions. First, what can account for the entrenched belief reflected in both state's policies that the Cuban people's future must inevitably involve a turn to capitalism and liberal representative democracy? Second, given the overwhelming interest Canada has in maintaining cordial relations with the United States, and given that constructive engagement has been a failure, why has Canada not simply accepted the American position as a pragmatic means to improve its most important bilateral relationship? Finally, given that values do matter, what is an appropriate approach to Cuba, one which does not involve the paternalism inherent in both a policy of embargo and (albeit to a lesser extent) a policy of constructive engagement, and one which does not involve an a priori assumption about the future trajectory of the Cuban political system?

To begin to answer these questions we need to engage the role of emotion in reasoning and decision-making. Specifically, it is my contention that a consideration of emotion allows us to gain insight into the relative importance of situation and disposition² upon decision-making behaviour in both states—and amongst the mass publics contained within them. It also allows us a means to more fully understand the possible particularities that distinguish the rational calculus of one state's policies from another. By broadening our understanding of the political

* Calum McNeil, a PhD candidate (international relations), at McMaster University, is studying the functional role of emotion and identities in relation to decision-making rationality. The author thanks advisor Dr. Lana Wylie for her time, patience and input in helping to formulate this argument, and the three external reviewers at *Canadian Foreign Policy*, whose critiques have made for a much stronger analysis.

¹ I draw on a distinction here between constructive engagement and engagement observed by Robert Wright. He quotes Senior Canadian diplomat, Peter Boehm, as distinguishing between engagement, which involves commercial relations, and constructive engagement, which involves supporting a Cuban transition and reintegration into the hemisphere (2009: 215).

² By this I mean that, if we explore the role of emotion and cognition in foreign policy decision-making, we can gain greater insight into how external context (situation) and individual inclination (disposition) shape behaviour.

psychological dynamics involved in the foreign policy decision-making of both states in this way, I illustrate how emotionally charged normative commitments inject a cultural particularity into the rationalization process involved in decision-making. I offer a means to understand why constructive engagement and a strengthened embargo failed in their desired effect. Moreover, I combine the above psychological approach with Stephen Wilkinson's application of Michel Foucault's concept of "pastoral power" to an understanding of the power relations between the Cuban government and the Cuban public. In this way I offer an explanation as to why engagement may actually be a preferable policy to embargo or constructive engagement.

To make these arguments, I begin by briefly comparing the character of Canadian and US foreign policy toward Cuba during the post-Cold War period. The focus of this section is to consider the relationship between expressed commitments to certain universally applicable values, and a Canadian and American policy discourse that essentially silences the possibility of considering that the Cuban state enjoys widespread public support in Cuba. Specifically, I begin by focusing upon the emotional dynamics informing the Canadian policy of constructive re-engagement with Cuba. I then consider the implications of the Track I and Track II provisions of the 1992 Cuban Democracy Act (CDA), and the more hard-line elements of the 1996 Cuban Liberty and the Democratic Solidarity (Libertad) Act. In the final section I discuss the somatic marker hypothesis posited by neuro-psychologist Robert Damasio, and illustrate how it may be combined with Stephen Wilkinson's Foucauldian analysis of the Cuban state to validate a policy of engagement with Cuba. I conclude by first arguing that the affective commitments embodied in state institutions render them ill-suited to produce the kind of empathy and sympathy necessary to make the likelihood of regime change a distinct possibility. I then conclude that, given how power, ideology and emotion manifest themselves in modern states, and given the relationship between socialization, emotion, and rationality, engagement—as opposed to embargo or constructive engagement—should be understood as the optimal policy choice for both Canada and the United States.

Emotion and Rationality?

As commonly understood, emotion detracts from right reason; to be rational one must control the passions so as to properly link means to ends. Yet emotions are an integral part of being human; we all express them, and they shape the character and contents of our lived experiences. Scholarship in international relations has given little consideration to the profound role emotion plays in how we engage with the world around us, how we understand our place in it, and how we act upon those understandings. To bracket out emotion, or to treat it solely as a bias generating suboptimal reasoning, is problematic, given advances in neuroscience, psychology and sociology (see McDermott, 2004; Mercer, 2005). The juxtaposition of emotion and rationality is therefore false; emotion is better understood as being functionally integrated into the cognitive processes that produce our capacity for reason. It is vital, therefore, for those of us interested in theorizing about foreign policy to engage with how emotion influences the rationality of decision-making. Moreover, such an

engagement will allow us to consider how the passions contribute to the interests of the various actors we study—and the likelihood of those interests being realized in policy.

What is needed is a means to conceptualize the functional relationship between the passions and our capacity for reason. Moreover, in failing to acknowledge this necessary interrelationship, we are left grappling in a superficial fashion with questions relating to identity and social context—that is, what seems rational in a given context to a given actor, and why.³ Emotions serve a vital function alongside cognition in human rationality. If we are to better understand what culture and identity mean to those engaged in formal foreign policymaking contexts in different states, we must first develop a means to acknowledge and integrate the functional role of emotion into our analyses. Emotion and cognition are intrinsically related in human rationality, and affective⁴ arousal varies depending upon the identities of the actors in question, their dispositions, and related meanings embedded within their social context.

From this we can infer that the values, interests and preferences of foreign policy actors are produced, negotiated, and reflective of innate biological drives and specific cultural contexts (Damasio, 1994: 174). As we mature and are socialized, we learn to associate specific emotions with events, and then to generalize and integrate these associations into our capacity for rational thought. Emotion is therefore biologically innate, but its arousal is context specific, depending upon the life experiences (dispositions) and environment (situation) of the individual(s) in question, which, in turn, can be reflective of culturally specific modes of identity (see Bechara, Damasio, Tranel, & Damasio, 1997). Notions of culture and identity shape the emotive responses of elites (and non-elites) and with that their understanding(s) of what is happening in the world, what is likely to happen, how they should act, and how others will react in response to the same situation. Emotion is therefore ubiquitous to normal human experience and must be understood as an essential component of how humans think and socialize.

While emotion is functionally a part of our decision-making capacities, its functionality can be both positive and negative. Indeed, it is striking how easy it is to conjure up examples of how emotion can manifest itself in profoundly dysfunctional ways that detract from sound policy-making. As David Houghton (2009: 22-23) argues:

While accepting that feeling is an integral part of human cognition, we should not of course lose sight of the fact that negative emotions clearly *can* have a damaging effect in politics and that emotion *can* lead to highly irrational outcomes. We see many of these effects in the negative aspects of nationalism and ethnic conflict, for instance, both of which are fuelled by powerful human emotions. Equally, some kinds of mood clearly damage the quality of decision-making.

The purpose here is not simply to illustrate positive or negative functionality, however, but to stress the degree to which emotional commitments are implicated in American and Canadian foreign policy toward Cuba—and how this process fails to acknowledge, but is a product of, the way power, emotion and context shape subjectivity in differing contexts.

³ As Voss & Dorsey (1992: 23) stress, actor's perceptions can be influenced by historical and cultural factors of which the actor may not even be aware.

⁴ While affect and emotion are often treated as interchangeable terms, I utilize the term to denote the experience of emotion—rather than emotion itself.

A basic premise of the hot cognition approach is that all political stimuli are affectively charged. This means that perception, interpretation and reaction are both cognitive and affective; thought devoid of emotional content is also devoid of meaning—it is an abstraction and consequently cannot compel us to act consistently in one way or another. It is not surprising, then, that certain emotionally laden normative commitments would inform both Canadian and American foreign policy. It is also not surprising they would not be acknowledged as reflective of a pervasive ideology, but rather as the natural order of things—so natural that they become subconscious and unquestioned,⁵ and are deployed in ways which uncritically presuppose their universality.

Hot Cognitions, Subject Positions and Human Rights: US and Canadian Foreign Policy and the Assumption of Regime Change in Cuba

The geopolitical context has changed radically since 1989. The collapse of Soviet communism opened up policymaking possibilities while creating new problems, some unforeseen. For Cuba, the end of the Cold War was an unmitigated disaster. Protected by its strategic and economic relationship with the Soviet Union⁶ from the full effect of the US economic embargo since the 1960s, Cuban policymakers suddenly found themselves exposed to the unfiltered force of US hostility. With its economy imploding,⁷ Cuba sought alternative sources for economic and political support. Domestically, Cuba instituted the Special Period in Time of Peace, and began to alter the structure of its economy to correspond to new realities. The key impetus in Cuban foreign policy became strategic diversification, wherein Cuban policymakers sought to maximize their decision-making options by avoiding over-dependence on a single bilateral relationship with a more powerful state (Erisman, & Kirk, 1991: 2-4; Entwistle, 2009: 292-293). It was partly in relation to this changed context that both American and Canadian policies toward Cuba during the 1990s were reformulated.

Canadian policy has traditionally treated Cuba like any other state in Latin America. What makes the policy interesting is the consistency with which it has been adhered to, given the American hostility to the Castro-led government. During the 1990s, the Chrétien liberals sought to re-engage with Cuba just as American policy veered toward strengthening its embargo. In this context, empathetic dialogue and a renewed Canadian International Development Agency (CIDA) presence, combined with public and private criticism of Cuban human rights violations, were understood as politically and symbolically advantageous (Sagebien, 1997: 67). The essence of the approach was balance. As Robert Wright (2009: 197) argues: “[Chrétien] ... calculated that a pragmatic re-engagement with Cuba along lines similar to Pierre Trudeau’s policy would carry limited political liability if it was paired with a strong, explicit Canadian objection to Cuban human rights abuses.” In this way Canadian officials believed that Canada could demonstrate its autonomy internationally, while influencing Cuba to liberalize its economy and democratize its political system (Wylie, 2009: 16). This dovetailed nicely with Cuba’s desire to diversify its foreign

⁵ What I mean by this is that the process through which normative and affective commitments, which are particularistic in many respects, come to encompass our understanding of how the world is.

⁶ Soviet trade and aid supplied Cuba with 90 percent of its oil (at below market prices) and Eastern Bloc shipping carried 85 percent of Cuban trade. By the mid-1990s, Cuba’s economic relations with the Soviet Union declined by more than 90 percent (Perez 2006: 292).

⁷ Cuban GDP collapsed by more than 40 percent between 1990 and 1993 (Perez 2006: 293).

relationships, and the necessity Havana faced in replacing lost Soviet/Comecon trade and investment.

Canadian policy toward Cuba since the Revolution has functioned as a means of asserting Canadian autonomy vis-à-vis the United States (Molinaro, 2009; Entwistle, 2009). From the Canadian perspective, relations with Cuba necessarily and unavoidably reflect the policy decisions undertaken in Washington. Yet the nature of Canadian policy is also idiosyncratic in that it reflects the domestic culture and context within which policymaking takes place. This concern is evident from a reading of the parliamentary debates regarding the question of Cuba throughout the 1990s. As Christine Stewart, the then Secretary of State (Latin America and Africa) noted in response to the proposed Helms-Burton legislation that was making its way through Congress:

We hope there will be amendments to this legislation before it is pursued in the United States. However, we have made it very clear that Canada will be pursuing and will continue to pursue an *independent foreign policy*. This is *very well respected world wide*. (Canada, 1995a. Italics added for emphasis).

The emphasis on policy autonomy is marked, as well as the assumption of its importance to Canada's image abroad. What it reveals is a parochial tendency to conflate an inflated fear of infringement upon Canadian autonomy, with a parochial understanding of Canadian values and their universal applicability—generally in juxtaposition with the United States.⁸ Here we see a tendency to assume that others see Canada as Canada would like to see itself. It is interesting in this regard to consider Christine Stewart's conflation of self-interest with an ostensibly altruistic foreign policy to Latin America. She argues:

I believe that Canada should continue to support regional initiatives in favour of human rights, environmental protection and trade development ... in this process, we should also make sure that poor countries are not marginalized. Marginalization of less developed countries can *result in instability and massive movements of populations away from poor countries and into rich ones*, and could also jeopardize emerging economies. Such situations have repercussions all over the world ... Cuba poses another challenge. The Cuban economy has undergone serious deterioration. Economic reforms have been limited as have human rights improvements. However I believe *we cannot afford* to marginalize any country in this hemisphere. Careful evaluation is necessary to encourage the full reintegration of Cuba into the hemispheric family, a process that *will require significant change* (Canada, 1995b. Italics added for emphasis).

The perceived threat noted in failing to engage the developing world—of which Cuba is a part—is combined with an assumption concerning the terms of reintegration, terms which require careful evaluation by Canada if full reintegration is to be achieved. The objectification of Cuba, and the privileging of the Canadian subject position are quite stark in this example; the terms of reintegration are to be determined by careful Canadian

⁸ Lana Wylie (2009: 54-55) notes that Canadian identity has tended to manifest itself via a process of "othering" the United States—essentially involving the assertion of a distinctive "Canadianess" internationally by not acting like the Americans. This dynamic also manifests itself in relation to perceived Canadian values and historical experience existent domestically.

evaluation as a means—ironically—of circumventing their marginalization. That this has led to a position of some hypocrisy is highlighted by Peter McKenna and John Kirk when they note that:

... Cuban authorities also know that the Canadian government does not do Washington's bidding and that it does not intend to do anything to destabilize the Castro regime or to punish the Cuban people; instead, it aims to work constructively by dialoguing with the Cubans (2005: 159).

There is a logic in the fear Ottawa has of destabilizing the Cuban government, insofar as it might also destabilize the region; a dialogue-based incremental approach would seem to have the advantage of mitigating this outcome—yet this logic still fails to acknowledge how unreceptive Cuban policy makers are to encroachments into their domestic politics, regardless of the form they take (Klepak, 2009: 33-34; Entwistle, 2009: 292). Given the implicit commitment to regime change inherent in the constructive engagement policy, it is difficult to see how Canadian policy can be understood as not having the effect of destabilizing the Cuban government; what has been characteristic of Canadian constructive engagement is not dialogue but monologue—a policy characterized by an implicit and uncritical assumption that the terms of the discussion should be shaped by the normative commitments underpinning the constructive component of the engagement policy.

This dynamic is perhaps nowhere better evidenced than in the Chrétien visit to Cuba in April 1998. The high profile visit came in the wake of the 1997 fourteen-point Joint Declaration, fostering state-to-state cooperation in areas including human rights and standards of good governance (Wylie 2009: 48). The Declaration seemed to validate the constructive engagement approach of the Chrétien Liberals insofar as it included measures aimed at strengthening bilateral ties—including a willingness to discuss human rights.⁹ The visit itself was therefore undertaken as a high profile and symbolic means to demonstrate the efficacy of engaging in this way with Cuba so as to secure both economic and political/human rights gains. It would also serve as a means to position Canada in relation to Cuba “on the right side of history” (Wright 2009: 217). The decisive moment of the visit occurred when Chrétien publicly humiliated Castro by confronting him with a demand to release four jailed Cuban dissidents (Wright 2009: 210). Humiliated and shocked though he may have been, the move failed in its desired effect and the dissidents were not released. The visit, argues Mark Entwistle, accomplished “practically nothing” (2009: 289). In the fall of 1999, then International Trade Minister Pierre Pettigrew still maintained that constructively engaging could achieve the ends sought (and assumed inevitable) by Canadian policymakers. He argued, “The best way to help [Cuba] to [implement reforms] ... is to engage them and integrate them into world markets” (quoted in Kirk & McKenna, 2005: 155).

What this also seems to indicate is that the perception of policymakers in Ottawa is affectively shaped by the context in which they are situated. Regardless of their dispositions, a key attribute of all policy makers is loyalty to the state—that is, a performed (emotional) commitment to serving the national interest. This necessarily inclines policy to be informed in the first instance by the perceived material interests of the state (i.e., preserving autonomy, and securing new markets for Canadian business), and in a broader sense by the perceived values and their associated norms which define Canadian-ness at home, and it is assumed,

⁹ The Declaration was criticized for being vague and for lacking specific goals and timetables to achieve them (Wright 2009: 202).

abroad. Lana Wylie (2004: 42) argues that "... the Canadian self-image as a good international citizen, peacekeeper, and as distinct from the United States, all contribute to a certain perception of the Cuban situation, and the Canadian-Cuban relationship, and consequently to a corresponding set of norms." Although these norms help us to explain some of the character of the relationship, they do little to explain how these ideas become entrenched and gain legitimacy and how they possibly morph over time. What they also point to, when taken in conjunction with an understanding of the relationship between emotion, reason, and socio-cultural context, is that a culturally informed normative parochialism is perhaps a pre-condition of the necessary affective dynamics inherent in the relationship between individuals and the state. That this dynamic has been self-defeating in the Cuban context requires a consideration of how power, emotion and culture can act in the Cuban context to preclude the inevitability of regime change.

Before we can consider this, it is important to consider the above dynamics from the American perspective. The two most contentious pieces of legislation pertaining to Cuba are embodied in the 1992 CDA and the Cuban Liberty and Democratic Solidarity (Libertad) Act of 1996. The CDA, in some ways, reflects the systemic and domestic contexts of the early 1990s. With the Cold War over and the Soviet bloc transitioning to market-based economies and representative democratic political systems, it was assumed that Cuba—deprived of Soviet subsidies and hopelessly isolated—would eventually follow suit. As the CDA notes:

The fall of communism in the former Soviet Union and Eastern Europe, the now universal recognition in Latin America and the Caribbean that Cuba provides a failed model of government and development, and the evident inability of Cuba's economy to survive current trends, provide the United States and the international democratic community with an unprecedented opportunity to promote a peaceful transition to democracy in Cuba (CDA, 1992: §6001(6)).

Thus, it seemed the revolutionary Cuban government would be unable to withstand the tide of history, and would eventually be swept aside in the inevitable march toward a relatively uniform global political economy broadly consistent with the norms prevalent in Western capitalist democracies. Domestically, the key factors engendering an inclination toward adopting the CDA were the influences of the Cuban-American National Foundation (CANF) and the political manoeuvring of both candidates vying for the 1992 US presidential election.¹⁰ The Act itself attempts to strengthen the economic pressures brought to bear on the Cuban state (known as Track I), with attempts to increase bilateral relationships at the non-governmental level (known as Track II).

The Track I CDA legislation affected Canada and other states trading with Cuba by preventing subsidiaries of American corporations from trading with Cuba, and by preventing foreign ships docking in Cuban ports from unloading or loading cargo in US ports for six months (CDA, 1992: Sec. 6005). This extra-territorial component to the CDA angered US trading partners by challenging the primacy of both domestic law and policy autonomy in those countries (Morley & McGillion, 2002: 45). The Track I components of the Act were meant to hasten the demise of the current government and to bring about a quick transition to the US government's preferred form of political system for the island. The CDA is quite

¹⁰ Both Presidents George HW Bush and Bill Clinton coveted Florida and sought out the support of CANF and, with that (it was assumed), the large Cuban-American vote in South Florida and New Jersey (Morley & McGillion 2002: 39-51).

clear in this regard; stating that the President may waive the sanctions and take steps toward ending the embargo if he determines that the Cuban state has met the standards for democratic transition set forth in the Act. Amongst these include the holding of “free and fair elections under internationally recognized observers ... [and movement] toward establishing a free market economic system” (CDA, 1992: § 6006).

Track II diplomacy, by way of contrast, involves the “unofficial interactions between people from countries or groups in conflict for the purpose of promoting peaceful solutions to international disagreements” (Blight & Brenner, 2002: 170). Although the CDA’s provisions for increased interpersonal interaction between Americans and Cubans are framed in humanitarian terms, these Track II provisions also embody a belief in the potential for people-to-people contacts to develop a Cuban civil society capable of challenging and ultimately overturning the Cuban government (CDA, 1992: § 6004g). William LeoGrande (2005: 37) points to this element of the CDA when he argues “from the outset, Washington conceived of these contacts as a way to subvert the Cuban government. That was how the policy was promoted when first introduced by Congressman Robert Torricelli, author of the CDA”. It is the transparent political intent of this legislation that makes it ultimately self-defeating. The Cuban government was well aware of the purpose of Track II—and cracked down on dissidents accordingly. More interesting still, LeoGrande points to one unanticipated outcome of President Clinton’s decision to allow travel to Cuba for religious, humanitarian and people-to-people contacts: the emergence of a constituency in the United States advocating a change in the hard-line US policy (2005: 27). It is the uncritical presumption that the Cuban government would not recognize the threat constituted by the CDA’s Track II provisions and that these interactions would necessarily hasten the demise of the Cuban government that are so problematic and self-defeating.

Helms-Burton represented a further tightening of the economic noose—this time with a more explicit commitment to the character and content of a future non-Castro Cuba. This particular piece of legislation was passed into law four years after the CDA, and strengthens the extra-territorial implications of the CDA so as to increase the risks involved for foreign corporations that seek to conduct business with Cuba and the United States. In particular, Title III of the Act provides a means through which American citizens can sue investors in property found to be expropriated by the Cuban government after the Revolution, and Title IV of the Act allows Washington to ban business people and their families from entering the United States if they are found to be trafficking in expropriated property (Helms-Burton Act 1996: Title III, § 302; Title IV, § 401). In addition, Helms-Burton specifically excludes either of the Castro brothers from any role in the transition process or a future non-revolutionary government, and provides the President with the right to determine whether or not a transition is actually taking place (Helms-Burton 1996: Title II, § 205-207). Although Title III was, and has continued to be, suspended every six months, it is still in effect—as is Title IV. Both Title III and IV outraged Canadian, Mexican and European policymakers as blatant attempts to impose US law extra-territorially. Robert G. Wright, then Canadian Deputy Minister for International Trade, Department of Foreign Affairs and International Trade stated the Canadian position in regard to Helms-Burton succinctly:

The Interamerican Juridical Committee ... found the legislation to be inconsistent with international law in a number of different respects. Key among these were the following: First, domestic courts are not the appropriate forum for resolution of state-to-state claims; second, the committee found that a claimant state, in this instance the United States, does not have the right to espouse claims of persons who were not their nationals at the time of the taking; and third, the committee found that the exercise of jurisdiction by a state over acts of trafficking by aliens abroad under circumstances whereby neither the alien nor the conduct in question has any connection with its territory is not in conformity with international law (Canada, 1996).

However, the Deputy Minister continues that:

... Canada and the United States share common objectives with respect to Cuba. Both countries would like to see steps taken toward democracy, economic reform, and a greater recognition of human rights. We differ in the approach. The United States has adopted a policy of isolation; Canada, on the other hand, believes in a policy of engagement (Canada, 1996).

The thrust of the Canadian position is that Helms-Burton violates Canadian autonomy, and is in this specific way against Canada's national interest. The need for Canada to be perceived as distinct from the United States is also evident in above quotations; a display of Canadian autonomy has been a primary impetus to Canadian Cuba policy since the Revolution (Wylie, 2009: 62). Moreover, the Canadian position in relation to Cuba differs from the United States primarily as a preference of process to the same end: democracy and market-oriented economic reform. It is interesting that, even as the Canadian position demands respect for its own sovereignty, it also advocates a foreign policy toward Cuba predicated upon interference in that state's domestic affairs.

The passage of the Act was far from smooth, as the US public, exporters and many policymakers were also concerned with what seemed extreme and potentially self-defeating legislation (Gott, 2004: 303-307). It is indeed unlikely that Helms-Burton would ever have been enacted into law had it not been for the shooting down of two aircraft operated by the anti-Castro group, Brothers to the Rescue. As Lana Wylie (2004: 46) stresses:

Prior to the shooting down, the only pressure to sign Helms-Burton was coming from the Cuban American community. Despite their electoral clout, Clinton had opposed the bill. However, like their policymakers, the American public reacted viscerally to the shoot-down. Emotions were running high and Clinton's advisors felt they had no choice but to get behind the legislation.

This response seems understandable, until one considers the situation from the Cuban perspective. Jose Basulto, the founder of the Brothers to the Rescue, was initially a CIA-trained operative as a part of Operation Mongoose during the 1960s (Blight and Brenner, 2002: 165). In August of 1962, Basulto had been involved in a botched attempt on Castro's life and in the 1980s worked again for the CIA in Nicaragua. Brothers to the Rescue was

founded as a means to facilitate the rescue of Cubans seeking to leave Cuba during the Special Period. Yet this humanitarian initiative became increasingly politicized as Clinton moved closer to normalizing relations with Cuba. As a result, Basulto began dropping leaflets regularly over Havana to encourage the Cubans to rise up against their government (Blight & Brenner, 2002: 167). Given this history, and despite repeated protests to the United States government by Cuba, nothing was done to stop this provocation. Although it is unclear whether the aircrafts were over Cuban airspace when they were shot down, the Cuban reaction, although severe, was at least somewhat more understandable, given the broader context. The affective quality of the response to the shoot-down fits snugly within the broader assumptions about the character of the Cuban state, and Castro in particular, as framed by his detractors. The embargo itself facilitated the entrenchment of a particular vision of Cuba to the American public by limiting their contact with the island, and magnifying their reliance upon highly politicized groups, like the Cuban American National Foundation (CANF), and right wing neoconservative politicians, like Jesse Helms, for information.

This lack of empathy was still in evidence after the terrorist attacks of 9/11. Even when the Cuban state denounced terrorism and expressed sympathy toward the United States after the attacks, the United States government did not respond in kind. Instead the Bush administration increased its rhetoric against the Cuban government and continued to label it a terrorist-supporting nation (LeoGrande, 2005: 32). What the above analysis points to is the degree to which emotion and context have shaped the rather problematic relations between Canada, the United States and Cuba. If, however, we find problematic the notion that the current political system in Cuba has little legitimacy domestically, and no hope for survival in the medium term, we must address the question of why this is so.

Somatic Marking, Pastoral Power, and the Question of Engagement

Robert Damasio argues that for the somatic marking process to function, a capacity to order criteria relevant to the stimuli encountered by the subject is required. This ordering criterion is determined via a combination of emotion, working memory and attention, which are reflective of biological drives and cultural socialization. In a sense, every decision we make is influenced by a combination of logic (one would hope) and affectively charged analogical reasoning. Worded concisely, somatic markers act as a kind of heuristic psychological culling device functionally integrated into our decision-making process; its use facilitates more efficient decision-making in cognitively complex scenarios by a priori eliminating the appeal of certain courses of action. The process of somatic marking outlined here, therefore, seems particularly apt to a foreign policy-making context. This is so, given the cognitive complexity of foreign policy decision-making, wherein policy-makers must contend with not only the likely actions and outcomes beyond the state in the relevant issue area, but also the domestic, bureaucratic, and even dispositional constraints placed on the array of choices available to them. Negative somatic markers juxtaposed alongside specific future outcomes—say the elimination of an embargo—can alert the individual against that particular course of action; conversely, positive somatic markers can act as a “beacon of

incentive” influencing the subjects’ decision-making toward that particular outcome (Damasio, 1994: 174-175). This process of somatic marking functions both consciously and subconsciously, influencing those elements in the brain which incline us to approach behaviour, and mitigating the likelihood of making what we are culturally inclined to believe is a wrong decision (Damasio, 1994: 188).

We have already seen the doggedness with which Canadian policy makers have clung to the belief that constructive engagement can result in political and economic change in Cuba, despite much evidence to the contrary. Similarly, the tone and tenor of US relations with Cuba have been characterized by a profound lack of empathy—a characteristic which, when combined with the tremendous material power of the American state, could aptly be termed pathological parochialism. Canada has at least adopted an approach which goes further in acknowledging the legitimacy of the Cuban government—yet even its policies show a self-defeating desire to combine an ardent commitment to pursuing the national interest (with a marked affective commitment to policy autonomy relative to its southern neighbour) with a normative commitment to engendering the re-construction of the Cuban political economy in ways which correspond more closely to its own. Given that both states have expressed a commitment¹¹ in principle (if not always in practise) to regime change, and given that this change is uncritically expected to result in a Cuban political system mirroring the basic principles that their own systems embrace, it seems logical for both state’s policies to be geared toward achieving this end as effectively as possible.

Yet neither embargo nor constructive engagement seems capable of achieving the end of transforming the Cuban political system. It is my contention that, in the case of American and Canadian relations with Cuba, the state is singularly ill equipped to foster the kind of empathy required to bring about the ends it seeks. It may be that the most effective means to win the battle for hearts and minds in Cuba—if indeed such a battle can be won—is to extricate the state from the interactive process. If it is true that liberal democratic capitalism, to paraphrase Fukuyama, is the “only game in town”, then allowing Canadians and Americans—and their attendant dispositions—to engage Cubans in unstructured (and therefore relatively de-politicized) ways should have the desired and inevitable effect.

Of course, an underlying premise of this paper is that neuroscience and neuropsychology has rendered problematic any universal assumptions about rationality. In particular, Robert Damasio’s somatic marker hypothesis indicates that the relationship between emotion, reason, and the process of social learning, facilitated by interpersonal interaction, problematizes universal rationality assumptions. As a consequence we cannot a priori assume the outcome of an engagement policy between Canada or the United States and Cuba. As Damasio (1994: 200) argues:

The automated somatic-marker device of most of us lucky enough to have been reared in a relatively healthy culture has been accommodated by education to the standards of rationality of that culture. In spite of its roots in biological regulation, the device has been tuned to cultural prescriptions designed to ensure survival in a particular society ... [the device] has been made rational relative to social conventions and ethics.

¹¹ The Canadian case is certainly much more implicit than the American, yet the fact still remains that an implication of both policies is that change in Cuba is desirable, achievable and inevitable.

Thus an inadvertent effect of the US embargo has been to forestall the sharing of lived experiences between Americans and Cubans; the embargo has skewed the acquisition of somatic marking, and both magnified the degree to which Cuban policy elites fear and mistrust US initiatives toward their country, and facilitated the ability of both states to frame the significant other in a negative fashion for public consumption. Given the triangulated nature of Canadian foreign policy toward Cuba, this entrenched fear and mistrust between Cuba and the United States has played a major role in shaping Canadian policy. Cuba has gained significance in Canadian policy because it has become a sovereignty issue for Canadians in that it allows Ottawa to demonstrate Canadian autonomy (as ever, in juxtaposition with the United States), while allowing Canadians to gain emotional satisfaction in perceiving themselves as good international citizens and mediators (Wylie, 2009: 55-57).

Yet the above still begs the question of how exactly state power, ideology and emotion coalesce in particularistic ways. Stephen Wilkinson (2008a: 12) echoes Wright's observation that western liberals and conservatives alike view the Cuban government as undemocratic, and capable of maintaining power only via the restriction of the freedom to associate and by controlling the media. He also notes that the effect of assuming that Cuba will inevitably transition to western modes of governance is to engender an ideologically skewed debate in which an adequate resolution to the question of why the Cuban government has survived the shocks of the post-Cold War period remains unanswered. Wilkinson chooses to draw upon the work of Michel Foucault as a means to understand how power and ideology function in modern welfare states to influence the allegiance and behaviour of mass publics. He argues:

While this may involve the use of repression and imply consent, power is neither of these two in itself. In the exercise of power, therefore, ideology has a paramount role, because it enables persuasion by argument, seduction and moral exhortation. In the spectrum of actions that the powerful can exert in order to affect the behaviour of the subjects of their power, the threat of violence and violence itself are last resorts. Again, Foucault's argument would suggest that by not having to use the "last resort" something else must be compelling mass behaviour in Cuba (2008a: 13).

Pastoral power in its modern form has as its basic unit state officials, which have grown in number in proportion to the development of the modern welfare state, and gather, as part of their occupational requirements, enormous amounts of information about the intimate lives of the population (Wilkinson, 2008a: 18).¹² The ideological themes of saving the nation, saving the species, and self-sacrifice can be understood to be entrenched in the Cuban public consciousness via this process of pastoral power combined with the affective/cognitive psychological processes observed and tested by Damasio. Emotion is given meaning socially (Fattah and Fierke, 2009: 69-71); it is performative in essence and, when combined with the power in this way, can compel and entrench particular readings of history, legitimating a particular process of "othering", and with that, reasoning and policy.¹³

¹² As Wilkinson (2008a: 18) notes, this highlights the fact that "the modern state is ... characterised by a huge increase in the application of subjectivising power, which is as individualising as it is totalising".

¹³ Alistair Hennessy (1963: 353-355) highlights the ways in which the Revolution drew upon Cuban historical narratives and symbolism to add to its legitimacy. Yet, as he notes, this was not just instrumental—Castro was profoundly influenced by José Martí, citing him as the inspiration for the Revolution. Hennessy continues, "Castro's complete repudiation of the United States cannot be explained away as the result of pique or even of rational calculation. His anti-imperialism, imbibed from Martí, is directed against a suffocating spiritual patronage as well as against economic tutelage. The fact that Cuban culture has lacked the resilience to resist Americanization has only added force to the impulse to assert a new distinctiveness, and towards a breach with the United States."

Indeed, one can see how the moral obligation to publicly display allegiance to the Revolution, combined with less structured forms of interpersonal interaction (via family etc.), can influence the affective commitments of Cubans in ways quite distinct from those of Canadians and Americans. As Wilkinson notes, “What this structure [of power] implies is that the individual is morally compelled to conform by participating because consequences for visibly not doing so will quickly lead to stigmatisation and possible social exclusion” (2008: 19).¹⁴ More interesting still, by combining an emphasis upon the historical antecedents of the ideology legitimating the rule of the Cuban state with the socialization engendered via the dynamics inherent in the manifestation of pastoral power, Wilkinson’s analysis can be read as a situational outline of how the process of somatic marking occurs in Cuba. It also goes some way to illustrate how socio-cultural context is both shaped by (dispositionally) and shapes (situationally) the emotional lives of those who live within it. That the above observation applies equally well to Canada and the United States should be readily apparent, particularly given the combination of increased surveillance, paranoia, and racial profiling characteristic of the US government’s response to the terrorist attacks of 9-11 (Blight & Brenner, 2002: 185-186).

As we have seen, this fact can be understood to confer tremendous legitimacy upon the Castro government in the eyes of the Cuban people and should be taken into account when considering the Cuban state’s actions or its ability to endure crises (Blight & Brenner, 2002: 188-191). That Cuban rationality has particular qualities is evident in Cuba’s adamant refusal to compromise its sovereignty during the 1962 missile crisis, wherein Castro seemed willing to risk nuclear annihilation rather than compromise with the United States. James Blight and Philip Brenner (2002: 188) argue in relation to the Cuban response to the missile crisis that:

... Cubans seem almost to be from some other planet. Their attitudes and behaviour seem to make no sense, because as the superpowers tried desperately to defuse the crisis, the Cubans resented the very idea of a resolution to the crisis on the terms agreed to in Moscow and Washington. More, they did what they could to prolong the crisis and seemed unworried about increasing the risk of a war that might have destroyed human civilization.

They continue that this all-or-nothing perspective in relation to Cuban sovereignty is still evident today—and, one might add, it still offers a puzzle that is unlikely to be adequately understood without a consideration of the role of emotion in rationality. This dynamic has certainly been witnessed in Canada-Cuban relations as evidenced by the problematic Chrétien visit in 1998.¹⁵

¹⁴ This dynamic has also been observed in the Cuban émigré community in South Florida. It has often been noted that the cohort of Cubans, which left Cuba immediately after the Revolution, were from the upper and middle classes, and thus had vested material and emotional interests in working to bring down the new Cuban government. Yet this cohort represented only 5,000 of the 200,000 Cubans who arrived in the immediate aftermath of the Cuban revolution. This small group, by using its capital and expertise, has managed to gain control of much of the economic and political machinery of southern Florida. This position, combined with the judicious threat and use of violence, including more than 40 bombings and six murders during the last 30 years, has facilitated the viewpoint of this small group to become internalized by a critical mass of Cuban Americans with emotive-rational consequences for US domestic politics and foreign policy (Ludlam, 2009: 3).

¹⁵ Mark Entiawistle (2009: 292) argues that Cuba’s leaders are not simply ideologues, but nationalist survivalists bent on engaging in a process of continual diversification of reliance. This observation would seem to be consistent with Hennessy’s take on Cuban nationalism, and would also reflect the self-defeating nature of the embargo as it both facilitates this narrative of fear and humiliation and legitimates policies which seek to secure the homeland against the existential other.

Although the above gives an indication of the possible ways in which emotion, culture and power can shape rationality and behaviour, it should not be read as overly deterministic. To be sure, there are avenues available for Americans, Canadians, and to a lesser extent for Cubans, to circumvent the process of framing (internet, radio, foreign media, friends/family abroad etc...), but it is not too bold an assertion to posit the pervasive indifference and ignorance of most Americans (and Canadians, for that matter) in relation to all things Cuban—and the unlikelihood of the majority of them expending the effort to seek out sources of information beyond the state and the mainstream media. Moreover, while we might speculate on the role of Radio Martí in undermining the legitimacy of the Cuban government via a comparison with the effect of similar US programs in the former Soviet bloc, it is worth noting the aforementioned structural advantages enjoyed by the Cuban government in relation to Cuban non-elites, and the role it has played there historically. As long as the Cuban state continues to provide public goods and remains relatively free of corruption, its ability to endure should not be underestimated.

Although this paper has offered a psychological explanation in favour of a policy of engagement, it is not naïve to the possibility of such a policy occurring in either state—particularly the United States. Fostering empathy between states is much easier (although not easy at all) than fostering sympathy. The reasons for this are that policymakers are situated within an institutional context that demands their ultimate loyalty; the degree to which they can foster a policy which reflects a felt appreciation for the constraints and desires faced by their counterparts in other states will inevitably be filtered through the demands of the national interest as defined by their particular locale within the governmental apparatus. It could be argued from this that state institutions have their own affective qualities and that these qualities constrain and contextualize the capacity of policymakers to realize policy which embodies a degree of sympathy. Fear, for example, is an emotion that is institutionally privileged in the parts of the state apparatus charged with defence. Damasio (1994: 246) alludes to this when he writes:

Knowing about the relevance of feelings in the process of reason does not suggest that reason is less important than feelings, that it should take a backseat to them or that it should be less cultivated ... taking stock of the pervasive role of feelings may give us a chance of enhancing their positive effects and reducing their potential harm. *Specifically, without diminishing the orienting value of normal feelings, one would want to protect reason from the weakness that abnormal feelings or the manipulation of normal feelings can introduce in the process of planning and deciding* (italics added for emphasis).

One can infer that the inability of successive US administrations to eliminate the embargo is a function of deep-seated emotionally charged beliefs that the Cuban government symbolizes a flawed alternative to the American system, and that as long as the revolutionary government is in place it will preclude Cuba's inevitable return to the liberal democratic capitalist fold. Emotion can also highlight the domestic policy influences that incline US policymakers to sustain the embargo. As Stephen Wilkinson (2008b: 7) argues:

There seems to be an emotional element to the embargo that is often overlooked. The superpower has to be seen to be doing something to discipline this upstart in its backyard. After failing its surrogates in the 1961 Bay of Pigs invasion, Washington has an emotional debt to repay to the exiles. This, in turn, has given them a privileged status, which they have exploited to effect policy decisions in Washington.

These emotional commitments can also be understood to explain the inconsistency with which the United States government applies the standards it judges the Cuban government's conduct by to other nations it deems worthy of trading with.¹⁶ A key mode of identity for Americans is that they are exceptional, and act as a beacon of morality and justice to the rest of the world. This parochial self-conceptualization can be understood to inform the emotional reaction of many Americans to the Revolution as it frames Cuban actions as ungrateful with subsequent legitimated emotional responses¹⁷ (Wylie, 2009: 33-34). This deep-seated belief in the superiority of American values is unlikely to be unseated. A policy of engagement would have the two-fold advantage of supporting this assumption (insofar as it would radically increase the interaction between Americans and Cubans) without allowing the state to intervene and distort the process of somatic marking. In addition, given the massive asymmetry in material power, there is little risk involved to the United States to employ such a policy—however unlikely it is that it will do so.

Given the above analysis, we can assert that a policy of engagement is both pragmatic and more ethical than either embargo or constructive engagement. Engagement does not deny the subjectivity of the Cuban people or their government—nor does it deny the subjectivity of Canadians or Americans. It is also pragmatic insofar as it embraces the increased economic interaction that all three states want, while simultaneously eliminating an unnecessary irritant in the bilateral relationship between Canada and the United States. Moreover, in eliminating a presupposition concerning the imminent demise of the Cuban state, it engenders a slight disincentive for the Cuban state to police and monitor its own people—and the ability of the Cuban government to justify its role in society (and all of Cuban societies ills) on the existential threat of US foreign policy as embodied in the embargo. What it also does is engender the possibility of felt empathy between peoples who would otherwise require the filter of the state or other groups to frame the other and affectively load it, consciously or unconsciously, for mass consumption. By facilitating relatively unstructured, interpersonally direct encounters via engagement, all three states can begin a new more positive affectively charged process influencing policy elites and mass publics alike. This process does not involve pre-judging any value system as, given the above analysis, we cannot a priori predict how this process will unfold, or the degree to which Canadian or American values will truly resonate with the Cuban people.

If an entrenched assumption of Canadian and American policy toward Cuba is the inevitability of regime change, then both states have little to worry about. Their values are, given this logic, self-evidently superior and will sway the Cuban people even as free-market economics undermines the Cuban government's ability to monopolize political power.

¹⁶ See Blight and Brenner (2002: 186-188) for a brief outline of the ways in which these standards have been inconsistently applied.

¹⁷ Ingratitude toward American intervention on Cuba's behalf in 1898, and ingratitude toward the subsequent American tutelage and protection via the Platt Amendment.

Embargo and constructive engagement would create obstacles to this end. If, however, the Cuban people choose a separate path—one perhaps our discipline is incapable of predicting—then so be it. Engagement allows for contingency, agency and unforeseen futures; it also allows for a modicum of respect.

Conclusion

Emotion matters. How it matters to the study of foreign policy, however, is still very much a work in progress. That a consideration of emotion is apt to a study of Cuba and its foreign relations should seem self-evident to any scholar who has engaged with United States-Cuba relations, or had conversations with Cubans about their country and its relationship with the United States. The weight of history in the myriad interrelationships between all three states is palpable—and individuals charged with formulating policy in all three countries are invariably influenced by normative and emotional commitments of which they may not even be consciously aware. The deployment of Wilkinson's take on Foucauldian pastoral power is preliminary, of course, and was used primarily as a means to critically question the assumption in US and Canadian foreign policy about the inevitability of regime change in Cuba. Large N case studies of inter-generational change in ideological adherence in Cuba would add greatly to our understanding of how state power, emotion and ideology morph over time. Such a study would be invaluable in offering empirical evidence concerning the relative importance of lived experience, emotion, and ideology in the maintenance of state power. It would also offer a means to more adequately address the likely future trajectory of Cuban development.

A more interesting approach would involve interrogating the manifestation of pastoral power and emotion in Canadian and American contexts. A specific consideration of the role of ideology, institutional context, and emotion upon the dispositions of policy makers would allow us to consider how (and the degree to which) particular forms of affect are entrenched institutionally; this form of inquiry—which admittedly would be difficult given problems of access—could lead to new ways of understanding how reason, rationality and perception are linked to culture and emotion. It could also lead us to new conceptualizations of the interrelationships between the state and mass publics, particularly as it pertains to the question of the emotional/rational pull of nationalism.¹⁸ It ultimately points to the need for scholars interested in the analysis of foreign policy to be more sensitive to the roles that culture and emotion play in the dynamics that we believe we are observing.

¹⁸ For an excellent and concise elaboration on the ways in which political psychology can address the question of emotion, ethnic conflict and nationalism, see Houghton (2008: 168-183).

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JULIA SAGEBIEN AND PAOLO SPADONI*

On November 20, 2009, a newspaper editorial entitled “Don’t go to Cuba” appeared in a major English language newspaper. Three days later, another editorial entitled “Unreformed Tyranny” appeared in another national newspaper in the same country. Both editorials condemned Cuba’s record on human rights and suggested measures such as travel bans and economic sanctions. Earlier that year, in September 2009, a business news magazine published an article entitled “Trouble in Socialist Paradise” describing Cuba’s grave economic problems and how they worsened the already difficult business climate of the island. What is most surprising about these editorials/articles is that they all appeared in Canadian publications. Although the Canadian press has often been critical of the Canadian government’s Cuba policy, it has rarely been this consistently harsh. Except for the occasional chill, Canada’s policy towards Cuba has historically been rather amicable. However, Prime Minister Harper has charted a less friendly course towards Cuba than that of previous administrations and one that is comparatively closer to that of the United States.

The critical postures highlighted above raise a number of important questions for Canadian scholars and policy makers:

1. Has Cuba’s human rights record and business environment worsened to the point where we need to re-examine our policy?
2. Has Canada’s “other good neighbour policy” changed at its core?
3. Should we engage more or engage less?
4. How will Canada’s historical relationships with its two good neighbours affect its future relations with them once United States-Cuba relations are normalized?
5. How should Canadians prepare for this normalization?

The papers presented in this issue of *Canadian Foreign Policy* address aspects of these questions from a historical, political, psychological, critical geopolitics, economic, and business strategy point of view.¹ This Policy Commentary explores the individual and collective psychosocial basis that underlies the debates on Cuba and informs the discourses through which we can answer these questions. In particular, we explore what we consider to be the key element in understanding the nature of the Cuba debates: the complex nature of the truth in and about Cuba. We argue that the search for truth in and about Cuba is an elusive and puzzling pursuit primarily affected by: 1) competing narratives of contested events; 2) the emotional distress that accompanies the experience of cognitive dissonance caused by these competing narratives; 3) the Cold War’s exacerbation of the Cuban cultural propensity

* Julia Sagebien is an associate professor at the school of business administration, Dalhousie University, and a Catedrática (full professor) at the Escuela Graduada de Administración de Empresa, University of Puerto Rico. Dr. Sagebien’s areas of expertise are corporate social responsibility, private sector led-development and Canada/Latin America relationships with a focus on Cuba.

Paolo Spadoni is a post-doctoral research fellow in the Center for Inter-American Policy and Research (CIPR), at Tulane University, New Orleans. Dr. Spadoni is a political economist with a specialization in International Relations and a focus on Latin America’s political and business environments. He has carried out extensive research on foreign investment in Cuba, the impact of the US embargo, and US financial flows in the Cuban economy.

¹ It is the opinion of the authors that the answer to the first two questions posed above is that no, there have not been major changes in either Cuba’s human rights record or business environment, nor in Canada’s fundamental policy keystone of constructive engagement. The answer to question number three is a matter of policy preference. The answers to questions four and five remain to be seen. However, these arguments will not be presented in this work.

towards vehement disagreement; and 4) the syncretic capacity of Cubans to inhabit several worlds at the same time. Lastly, we argue that Canadian Cuba observers are also affected by the above phenomena and that we must strive to develop a more sophisticated understanding of the competing narratives about Cuba we are exposed to, and of the people who tell them, in and out of Cuba.

Cuba's Competing Narratives

Akira Kurosawa's 1950 film *Rashomon* involves the re-telling of four contradictory accounts of a crime. The movie leaves the viewer to determine which one, if any, is "the truth", if there is a "single truth" or if there are "different truths" for each of the characters, or if "all versions of the truth" are actually correct. The film is a meditation on the interplay between contested narratives—the interplay between "the facts" and the psychological and social webs of significance of those who report them. Similarly, the study of Cuba is, by and large, the study of contested events and we must strive to uncover what these versions reveal about the people who tell them (e.g., their positions in the social structure of their communities, and their cultural understanding).

Although Canadians have a fair amount of personal contact with Cubans, we must bear in mind the fact that the Cuban government exercises a substantial measure of control over contacts between any foreign national and Cuban citizens, officials, and academics, both in and out of Cuba. This raises the spectre of the political correctness of the version of events that is reported to us. Less well understood is the fact that there are at least two Cubas—11.2 million individuals residing in Cuba and over one million individuals residing outside. Within these two Cubas, there are many voices. We must question not just the possible bias of the facts we gather, but also our underlying prejudices about those Cubans who we tend to believe and those Cubans who we tend not to believe.

Given these contesting narratives—we must then ask ourselves—how does the experience of these inherent contradictions affect Cubans and Cuba analysts? The theory of cognitive dissonance—the tendency for individuals to seek consistency among their cognitions, beliefs, and opinions—can perhaps shed some light. Dissonance is often experienced as anxiety, guilt, shame, anger, embarrassment, stress, and other negative emotional states. Given the discomfort, individuals strive to eliminate dissonance mainly by reducing the importance of the dissonant beliefs, adding more consonant beliefs that outweigh the dissonant beliefs, or changing the dissonant beliefs so that they are no longer inconsistent. Cognitive dissonance *a la Cubana* manifests itself in the collective milieu in a number of ways, but two responses are salient—vehement disagreement and syncretic thinking.

The word C-u-b-a, like all proverbial four-letter words, elicits in many individuals strong knee-jerk reactions and vehement disagreement. In characteristic Cuban fashion, disagreement is often met with an explicit or implicit Cubanismo: *usted esta completamente equivocado*—you are completely wrong. This Cuban cultural propensity for vehement disagreement was brilliantly captured by MAD Magazine's near wordless comic strip "Spy vs. Spy", authored by Antonio Prohias, a Cuban national who fled to the United States in 1960. According to Prohias, while Spy vs. Spy offers a critique of the Cold War, it also provides clues to deeply ingrained aspects of the Cuban psyche that have characterized

United States-Cuba relations for over half a century. For the older hard-line anti-Castro Cubans residing abroad, and for the party-loyal Cubans on the island, vindictive tit-for-tat Spy vs. Spy-like interactions have been a way to get even and settle deeply painful personal and collective scores. However, these strategies have also served as a way to resolve cognitive dissonance, by adding more consonant beliefs that outweigh the dissonant belief. Yet, for the younger generations of Cubans, on and off the island, cognitive dissonance is being diminished progressively by reducing the importance of the dissonant beliefs. It is their parents and grandparent's fight. Time will heal, if not all, perhaps enough wounds to make reconciliation possible in the not-too-distant future. When the time comes, the capacity to calmly accommodate the cognitive dissonance that arises from the narrative of contested events will come in handy.

Cognitive dissonance can also be resolved by changing the dissonant beliefs so that they are no longer inconsistent. In Cuba, this melding of contradictory beliefs into a relatively harmonious whole manifests itself in myriad versions of syncretism—the integration or combination of meanings or selected ideologies or cultural forms from distinct traditions resulting in the creation of new meanings. One of the most traditional ways in which syncretic thinking manifests itself in Caribbean Basin countries is in Santería. However, the most extraordinary and *sui generis* way in which syncretism manifests in Cuba is as economic syncretism—the co-existence of capitalism and socialism.

The most tangible manifestation of this syncretic economy is the circulation of two different currencies: the Cuban peso (CUP) and the convertible peso (CUC). This dual currency system is largely responsible for chronic inefficiencies, corruption, and disparities in income, despite the Cuban authorities' great efforts to tackle these problems. The duality can also be seen in the contrast between sectors of the Cuban economy that still operate under a centralized economic management system and the parallel proto-market sectors that operate under different rules. Moreover, Cuban managers must constantly balance the relationship between the economic and the political imperatives of their decisions. At times, the dominant imperative is the financial bottom line; at other times, the imperative is the party line; yet at other times the dominant imperative is the "lifeline", the priorities of whatever country is subsidizing Cuba at the time (i.e., the Soviet Union or Venezuela).

The motivation to syncretize aspects of socialism and capitalism in the 1990s was a matter of survival. The introduction of market forces in Cuba was not brought about to provide genetic material for a mixed economy, but to act as a vaccine against capitalism itself. Official government discourse has made it very clear that market reforms were, and are being, implemented in order to save socialism, not to replace it. As a sovereign country, Cuba can most certainly decide its economic model. However, in order to return to sustainable rates of growth while defending the *Logros de la Revolución* (the Achievements of the Revolution), it must find better ways to integrate these dual economies into an operable model. Daily life in Cuba is a matter of migrating from one system to the other, trying to get benefits from both, and staying out of trouble with the authorities. The contradictions inherent in the status quo are likely to bring further economic stagnation and, on a personal level, a form of migratory spiritual exhaustion.

What are the implications of the above analysis for our work as policy makers and scholars? First of all, we should understand that the truth about Cuba is multiple and highly contextual. Who is speaking to whom, about what, in front of whom, and for what purpose? There is a very malleable sense of reality that is *coyuntural*—specific to the moment in time and space—even when there has been no intention to deceive. We must also be mindful of the fact that our assumed objectivity might become the first casualty of the cognitive dissonance that is likely to emerge when what we think we know is challenged by emotionally charged, polarized, contradictory, and hyperbolic narratives of the contested events.

The February 2010 death of a jailed Cuban dissident, Orlando Zapata Tamayo, after an extended hunger strike, has re-ignited the debate over Cuba's human rights record. It remains to be seen how the latest developments in Cuba, with all its complexities, will be handled by the Canadian media, policy, and academic circles. Although the Rashomon-like effect is inevitable in the study of a syncretic Cuba, and the discomfort of cognitive dissonance is surely to arise, we must strive to make Canadian analysis comprehensive and tolerant, and our engagement with the truth in and about Cuba truly constructive.

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Unsigned Periodical: Setting a new perimeter. (2001, September 22-28). *The Economist*, 34.

Web Site: Bergstein, B. (2007, January 18). Venezuela mulls mining nationalization [Electronic version]. *International Business Times*. Retrieved February 9, 2008, from <http://www.ibtimes.com/articles/20070118/add-venezuela-mining-nationalization.htm>



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