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## US Foreign Policy: A Declaration of Inconsistency

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### ABSTRACT

An expose of two realities conveys similarities and vast distinctions – the latter uniquely identified by controversies surrounding the application of US foreign policy towards Vietnam and Cuba. On display is an illustration of variation in treatment awarded by Washington to the recipients aforementioned. Albeit both entities suffered a comparable lot originating from adherence to a conflicting ideology, Hanoi's 19 year ordeal ended with the restoration of diplomatic relations with the White House. To the contrary Cuba with the equivalent system of government remains a pariah. A descriptive analysis utilizing excerpts, figures and projections document commercial success and the lack thereof. In short an examination of a growing trading and investment partnership between the United States and Vietnam unveils prosperity visible in the form of expansion and returns. Further the essay articulates the importance of America's endorsement of Vietnam's membership to the WTO as such privileged association increases possibilities and advances favorable speculations. The discourse nonetheless follows a path of disintegration as Cuba receives microscopic consideration. While embracing the socialist leadership in Vietnam, it outlines Cuban seclusion in light of citations echoing American public support for congeniality accompanied by the academic and business community's assumptions of lofty returns from exchanges with Cuba. The article therefore questions the pertinence of a 54 year old strategy lacking effectiveness.

**Keywords:** Cuba, Vietnam, US, foreign policy, trade and commerce

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### INTRODUCTION

The struggle against colonialism by Hanoi and Havana was a derivative of intervention and civil strife. Such configuration towards self determination underscores decades of America's resoluteness to malign a process of political and economic metamorphosis as Washington at the behest of the French protectorate endorsed external engagement in Vietnam and later aided and abetted the Bay of Pigs invasion to overthrow the Castro regime in Cuba.

A remorseful episode – the Vietnam War that exposed Washington to a cohesive liberation guerilla apparatus and subsequently her entrenchment in the costly quagmire became a nightmare of political extinctions, injuries and deaths and culminated with the establishment of a unified Vietnam under the banner of communism. Cold War politics also reconstructed its boundaries as a beacon of socialism gained roots along North American shores. While the Cuban missile crisis was considered a victory its precursor the Bay of Pigs fell short of required expectations and thus set in motion an interdiction between neighbors.

Rationale based on shared political orientation subjected the parties to assaults and later alienation by the White house. A misinterpretation of the Vietnamese uprising as imprudent and refusal to accept the call for transformation propelled the US administration to unlawfully ignite a war in affirmation of a disengaged regime. Such behavior was likewise exacerbated in an attempt to reverse the people's revolution in Cuba. Nonetheless following years of isolation partly due to embarrassing defeats and socialist commitments the US finally acquiesced by reestablishing diplomatic relations with the Marist government of Vietnam. Unfortunately a contradiction in policy persists as courtesy has not been extended to the Caribbean island of Cuba – a relic of the East/West rivalry despite her potential and advocacy domestically and within the world community.

A prelude to a healthy union between the United States and its Asian ally is embedded in an exposition of self preservation and customs. Unlike Cuba a beneficiary of \$8 billion per year in Soviet

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subsidies Vietnam's reliance on the Eastern Empire was limited and upon the Kremlin's demise while Havana vacillated with rehabilitation the government of Hanoi confronted an economic crisis by raising domestic production as a vehicle for growth and an alternative to external dependence. The absence of a dominating persona the likes of Fidel Castro too fermented hospitality among enemies. With the death of Le Duan in 1986 Vietnam resorted to the distribution of power within the ruling party which in turn gave rise to reforms such as the highly acclaimed Doi Moi project and private entrepreneurship.

While the Vietnamese leadership paid homage to the values of Marxism, traditional Asian culture influenced by elements of Confucian, Buddhism and Taoism enforced an obligation to promote the common good. In essence a display of discipline is credited for the commitment to expansion enabling manifestations at home and abroad (Freedman 2000, Fforde 2005, Council on Foreign Relations 2012).

During the 1990's the country renounced its image of destitution with appreciation in exports at an average of nearly 20% by the turn of the century. In striking contrast to its Caribbean counterpart that lacks membership in the region's all enveloping umbrella institution the OAS, Vietnam succeeded by forging ties with ASEAN in 1995.

Furthermore whereas Cuba is excluded from association with the World Bank and the IMF Vietnam enjoys financial assistance from said institutions.

An account of US/Vietnamese affiliation verifies an affinity for the comparative advantage theory and the gravity model. David Ricardo, a British political economist speaks to the virtues of his comparative advantage theory which by way of liberated economies as opposed to autarky stimulate the transfer of select items between nations and in return upgrades prices, production, employment, real wages, incomes, consumption and the welfare of the engaged states. In addition fellow countryman and renowned physicist Isaac Newton lends authenticity to the discussion on the attractiveness of unrestricted markets with the gravity model that in commercial jargon emphasizes the volume of trade between two countries is positively related to the product of their output and negatively related to the distance between them. Nevertheless in spite of pragmatic implications particularly geographical superiority neither supposition augers well for Cuba (Wall 1999, Ruffin 2002).

## **VIETNAM**

Disintegrating US/Cuban relations coincides with Washington overtures towards Vietnam. In the early 1970s the Carter administration commenced a dialogue with Hanoi but such was short lived because of the latter's invasion of Cambodia. Moreover amidst an expressed desire to bring closure to US soldiers missing in action the intensification of East/West rivalry sustained a barricade that deterred rapprochement during the Reagan era.

With the fall of the Eastern Bloc in conjunction with relentless campaigns by Veterans of Foreign Wars President Clinton in 1995 abandoned a nineteen year trade embargo and proceeded to establish diplomatic relations shortly thereafter. The significant chain of events that followed included the conclusion of a US/Vietnamese bilateral trade agreement in 2000 that paved a path for permanent and normal trade relations with Washington in 2006 and the initial signing of an endorsement for Vietnam's membership in the WTO.

Affirmation of reduced tariffs, elimination of non-tariff barriers, provision of intellectual property rights and access to significantly increased markets in telecommunications, tourism, information, engineering and construction – all preconditions to international arrangements are yielding dividends. US investment which plunged from \$2 billion a year in the mid 1990s to \$500 million in 1999 received a boost via trade. In 1999 two-way commercial transactions were valued at less than \$1 billion, two years later \$1.5 billion and within five years \$7.8 billion. Consequently the US ranked first and seventh in relation to Vietnam's export/import market.

Notwithstanding bureaucratic red tape linked to sub-standard port facilities and an indefinite number of regulations Vietnam in 2005 enjoyed economic growth of 8.4% partly due to the injection of US capital and an increase in exports which surged from \$800 million in 2001 to \$6.5 billion or 20% of total exports (Fig 1).

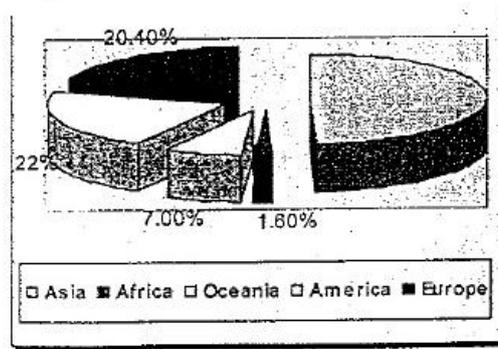


Fig1. Export Market Structure

Source: Vietnam General Statistical Office

By early 2007 the total US investment in the country was valued at \$3 billion incorporating 25 US projects worth an estimated \$444 million. According to the first post war US Ambassador to Vietnam, Michael Michalak America's fiscal transfusion was expected to increase by 15% (an estimated \$4 billion) in the months ahead largely due to a watershed of \$1 billion from California based Intel Corp for the construction of a plant in Ho Chi Minh City (Table 1).

Table1. Some American Interests in Vietnam

Companies	Interest
Intel	computer chips
Conoc	oil
Ford	automobile
FedEx	transportation

Vietnam, the world's second largest producer of rice and coffee and the leading exporter of footwear and apparel is confronted with liabilities attributed to the nation's legal environment, inferior stock market and cap on foreign stock ownership nevertheless upgrades in infrastructure and the abundance of natural and human resources are ingredients of a promising future within a global economy (Table 2).

Table2.

The Vietnamese Export Market (units in US\$ million)

Products	Unit	2001	2002	2003	2004	2005
Crude oil	1000 tons	16731.6	16876.0	17142.5	19500.6	18084.0
Coal	1000 tons	4291.6	6047.3	7261.9	11624.1	17882.0
Tin	Ton	2233.0	1668.0	1953.0	1817.0	N/A
Electronics, computers & components	US\$ ml.	709.5	605.4	854.7	1075.4	1442.0
Plastic products	"	119.6	143.4	170.2	N/A	350.0
Cable & wire	"	181.0	187.7	291.7	389.05	20.0
Bicycle & parts	"	129.4	122.7	155.4	239.01	45.0
Luggage & flat goods	"	183.3	237.2	243.3	N/A	465.0
Footwear	"	1587.4	1875.2	2260.5	2691.6	3005.0
Apparel & textiles	"	1975.4	2732.0	3609.1	4385.6	4806.0
Cork and rattan	"	93.9	107.9	136.1	N/A	180.0
Art crafts & lacquer ware	"	34.0	51.0	59.6	N/A	N/A
Ceramics	"	117.1	123.5	135.9	N/A	251.0
Hand embroidery	"	54.7	52.7	60.6	N/A	N/A
Vegetable and fruit	"	344.3	221.2	151.5	178.82	34.0
Pepper	1000 Tons	57.0	78.4	73.9	111.91	10.0
Coffee	"	931.1	722.2	749.4	974.88	85.0
Natural rubber	"	308.1	454.8	432.3	513.35	74.0
Rice	"	3720.7	3236.2	3810.0	4059.7	5202.0
Cashew nut	"	43.6	61.9	82.2	105.11	03.0
Tea	"	67.9	77.0	58.6	99.4	89.0
Wooden furniture	"	323.7	430.8	566.8	1139.1	1517.0
Seafood	US\$ ml.	1816.4	2021.8	2199.6	2401.2	2741.0

Source: General Statistical Office of Vietnam (GSO)

With the introduction of the investment and enterprise laws, an escalation in investments on US soil currently listed at \$7.4 million and the acquisition of WTO membership, expectations are promising as the country seeks to raise \$840 billion in capital within five years (Van An 2005, Mason 2006, Currie, 2007, Vietnam Tonight 2007, Maryin 2008).

## Leroy A. Binns “US Foreign Policy: A Declaration of Inconsistency”

Over the years the winds of change multiplied culminating in government and business opportunities the likes of commercial agreements and entertainment, educational and security initiatives.

A sample of coordinated efforts is as follows:

2007 – Vietnam and the US sign a Trade and Investment Framework Agreement.

2008 – A delegation from the US Institute for Global Engagement visits Hanoi.

2009 – The secretariat of the Vietnam/US Trade and Investment Framework Agreement convene in Washington to discuss bilateral cooperation in agricultural, trade, intellectual property, protection and labor.

US/Vietnam Education Task Force Report recommends public/private sector partnerships.

2010 – Working group conducts meeting on climate change.

Vietnam participates in nuclear security summit hosted by President Obama.

The tale endures. Of corresponding importance is an extensive kinship limitless in its adoption of a myriad of issues that embodies the likeness of religious freedom and health concerns. In the words of a universal adage the sky remains the limit (US/Vietnam Trade Council 2008, State Dept 2010).

## CUBA

Cuba home to 11 million inhabitants 90 miles off the coast of Florida is far less fortunate. Washington has steadfastly insisted on a change in government and system in order to relax a 50 year old commercial blockade priced in excess of \$45 billion and restore normal relations.

Although such ill advised department has dire consequences affecting real wages and investments and lends to stringent macroeconomic management on the island, the Cuban economy has been sustained through alternative alliances. In short the state has received medium to long term loans from China and Venezuela, and advanced joint ventures with Canadian and European partners at home and comparable endeavors in China, India and elsewhere. Moreover benefits have been derived through economic growth from the exportation of medical services to Venezuela, the expansion of the nickel industry and increased income from tourism much so that the then Minister of the Economy and Planning Jose Luis Rodriguez predicted an economic expansion in the vicinity of 10% for 2007 – an unprecedented accomplishment within Latin America and the Caribbean (Lynch 2004, Iwata 2006, Cuba News 2007).

Presently Cuba is entertaining oil exploration that a US geological survey contends would allow the country to lay claim to 4.6 billion barrels of oil and 9.8 trillion cubic feet of natural gas. Albeit expensive and time consuming Havana is in consultation with Canada’s Sherritt, Spain’s Repsol and Norway’s Norsk Hydro with relation to offshore drilling and remains optimistic about the outcome.

The absence of America’s presence nonetheless restricts development. Limitations to attractive finance capital and investments concurrent with a decrease in the numbers of joint ventures are issues worthy of concern.

While Dagoberto Rodriguez, a previous senior Cuban diplomat at the Cuban Interest Section reiterated Cuba’s willingness to engage Washington Kirby Jones president of the US-Cuban Trade Association laments missed opportunities. To paraphrase his words Canada and the European nations possess in excess of 300 ventures with Cuba in telecommunications, oil, energy, mining, port management and other sectors yet the US refuses to capitalize on comparable probabilities.

Thus far America’s trade with Cuba is miniscule by definition (Fig 2 and Table 3).

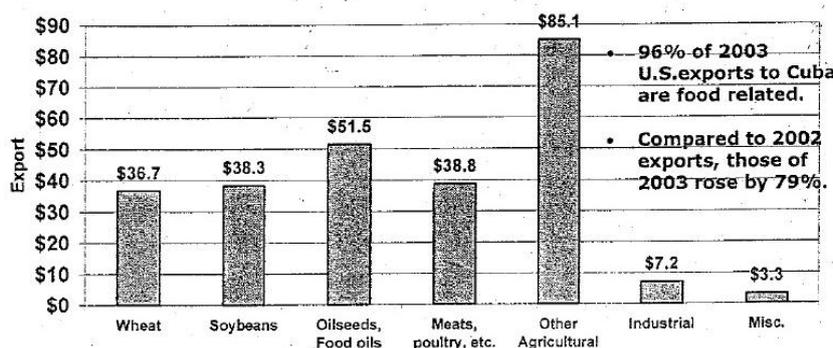


Fig2. Synopsis of US Export to Cuba (by category)

Source: US Trade online, US Census Bureau, 2003

**Table3.** US Exports to Cuba (in millions)

2000	\$7
2001	\$7.2
2002	\$145.9
2003	\$259.1
2004	\$404.1
2005	\$369.0
2006	\$350
2007	\$425
2008	\$710
2009	\$528
2010	\$336

**Source:** CIA World Fact book, US Dept of State and Cuba Transition Project

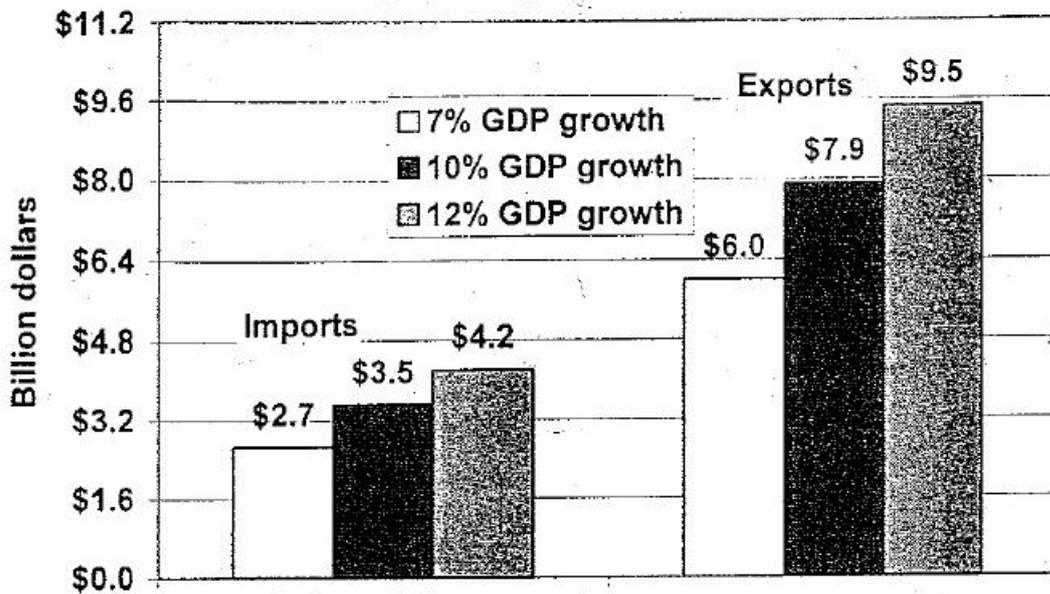
Further the contraction of an estimated \$65 billion in Soviet assistance from 1960 to 1990 coupled with droughts, hurricanes, blackouts and declining sugar harvests have robbed a \$39 billion economy of potential. However unconditional acceptance would reap assurance from proximity plus collective wealth and concede a premium.

With the adoption of a phased open market Cuba over a period of 20 years could acquire an export and import/GDP comparable to neighboring Latin American countries such as Mexico, the Dominican Republic and Costa Rica where average exports and imports at the turn of the century were recorded at 75.8% and 60.7% respectively (Table 4).

**Table4.** Trade in 2004 with some Caribbean Countries

Countries	% of Export with the US	% of Imports with the US
Mexico	88.4	68.4
Dominican Rep	87.3	60.5
Costa Rica	51.8	53.2
Average	75.8	60.7

An assessment conducted by the Center for Economic Forecasting and Analysis in 2004 infers trade normalization could boost Cuba’s GDP by 7% in ten years. Such in monetary translation is the equivalent of \$2.7 and \$6 billion respectively for Cuba’s exports and imports with the United States during said timeframe (Fig 3).



**Fig3.** Forecast of Possible US Export and Import with Cuba in 10 years

**Source:** Center for Economic Forecasting and Analysis

In addition this scenario with an added decade could harvest amounts ranging from \$7.8 billion to \$19.4 billion and \$11 billion to \$29.4 billion respectively (Fig 4).

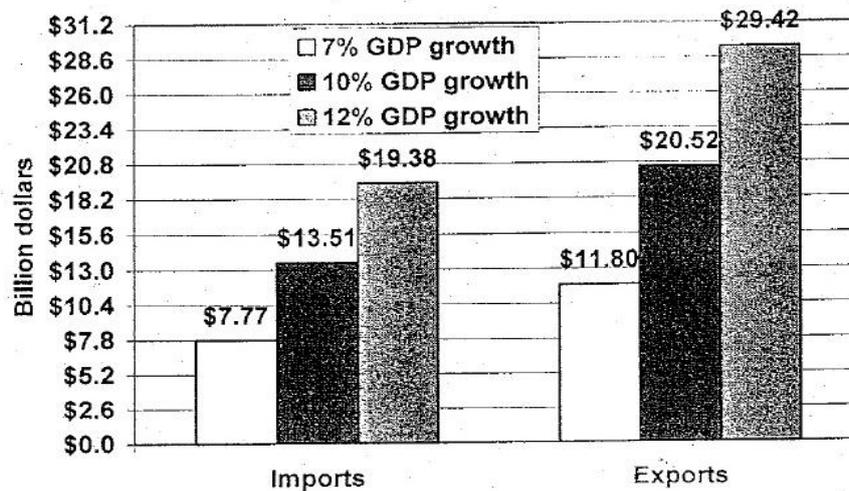


Fig4. Forecast of Possible US Export and Import with Cuba in 20 years

Source: Center for Economic Forecasting and Analysis

To avoid an imminent deprivation to the tune of \$2.9 to \$12.7 billion in GDP over 20 years, the establishment of unrestricted commercial activity could also during the period specified garner an additional \$102.1 billion to \$253.4 billion growth in GDP for the US economy (Fig 5).

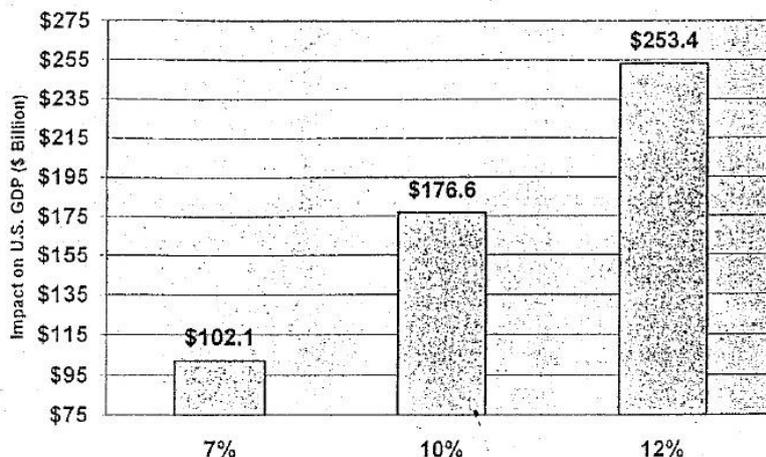


Fig5. Implied Growth in US GDP through 2024

Source: Center for Economic Forecasting and Analysis

A marriage in trade likewise encompasses positive outcomes for employment. Albeit Cuban figures are unavailable favorable consequences are anticipated in view of US projections. On average 15.8 to 42.3 thousand jobs annually would be added to the American economy – all of which translates to 845,621 assignments in approximately two decades (Moncarz 1994, Lynch 2004).

Self induced paralysis to countless plausible returns presents a paradox for Ralph Kaehler, a rancher from St Charles, Minnesota who brokered million dollar contracts between American agricultural outlets and Cuba. “Our government” he says “talks about free trade with China, Vietnam – every country except Cuba. Whether you like or dislike the Castro government if we had more trade with them our influence and impact there would be greater.” Senator Richard Lugar a ranking Republican member of the Foreign Relations Committee concurs, “After 47 years the unilateral embargo on Cuba has failed to achieve its stated purpose of bringing democracy to the Cuban people. We must recognize the ineffectiveness of our current policy and deal with the Cuban regime in a way that enhances US interests.” However despite the obvious and identical acknowledgements echoed by the US business fraternity this arduous crusade has been the subject of mixed reactions.

As US companies slowly inch forward with exportation at a peak of \$710 million worth of food and agricultural products to Cuba in 2008 for a total of \$2.8 billion as of May 2009 and the Obama

## Leroy A. Binns “US Foreign Policy: A Declaration of Inconsistency”

administration dismissed travel and remittance stipulations in 2009 Congress in contrast refuses to allow a vote in the chamber on the Travel Restriction Reform and Export Enhancement Act that would enable Americans to travel freely to the island and ease restrictions on American exports to the country (Iwata 2006, Vietnam Study Group 2008, CNN Politics.com 2009).

It is within this context one welcomes President Obama’s overtures towards Cuba. The December 17<sup>th</sup> 2014 announcement that touts the restoration of full diplomatic relations with some travel, banking, agricultural and tourism prospects to boot was long overdue as was the follow up telephone and face to face exchanges between the leaders of both countries under review (See Table 5).

**Table5.** *Some Short Term Advantages from the Proposed US/Cuban Agreement*

Countries	Benefits
America	the establishment of a Cuban embassy in Washington DC less travel restraints free usage of US currency banking, tourism and communication advancements, the elimination of some licensing requirements for US exports (e.g., agricultural goods)
Cuba	the creation of an American embassy in Havana, ease in travel restrictions allowance of banking transactions (money will be accessible from US credit and debit cards in Cuba), the ability for American travelers to purchase more Cuban products

To the contrary such stops short of an end to the 54 year old trade embargo which can only be eliminated by consent of the US Congress that on this issue favors regression as opposed to evolution (Baker 2014).

## CONCLUSION

The Socialist Republic of Vietnam’s poverty eradication programs and economic progress won the adulation of a White House reserved in condemnation of restrictions to freedom of speech, press and religion. Case in point is an atmosphere of disrespect and oppression that fuels contempt towards the detention of prominent activists among them writer Hoang Tien, and Mennonite pastor Nguyen Hong Quang yet prioritized is business at all cost as exhibited by Vietnam’s membership to the WTO.

In an official visit to the Asia Pacific Economic Cooperation forum in Vietnam President Bush amidst complications in transparency and standards justified US overtures to its one-time adversary by stating “economic expansion helps political freedom.” Unfortunately his conceptualization of incentives and associated outcomes varies towards Cuba - a state he denounces for a related brand of politics and human rights violations.

With time, changing demographics and the emergence of a sophisticated populace opposition to the stalemate is on the rise.

2003 - A random poll conducted by a Washington based firm Hamilton Beattie & Staff concluded that 68% of Cuban Americans surveyed were of the belief that the embargo had outlived its usefulness and in its stead espoused a new course of action with Cuban on the island at the forefront of change.

2008 - Polls suggest a majority of Cuban Americans residing in Miami favor an end to the trade embargo.

2009 – A world public opinion.org study revealed most Americans surveyed were convinced a new approach to the crisis was warranted. In fact 69% supported diplomatic relations with Cuba whereas 70% endorsed termination of the trade embargo.

Comparable emotion is reflected by the stance of 74 outstanding independent Cuban figures notably bloggers Yoani Sanchez and Cadela de Nevis, co-founder of the Ladies in White Miriam Leiva and democracy activist Guillermo Farinas who released communiqué to Congress requesting a reversal of policy (Havana Journal 2003, Jackson 2006, World Public Opinion.org 2009, Kalinina, 2010).

Without a doubt, if President Obama gets his way the comparison between Vietnam and Cuba in a few years will read with familiarity as both countries will be success stories of US foreign policy in a post Cold War era. Will the Republican Congress see the light as described herein and heed the call as it did with President Bill Clinton with regard to Vietnam? Only time will tell when this blockade shall be no more and normalcy will prevail.

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