German identity and relativize the Holocaust," Müller says. Yet unlike, for instance, left-wing novelist Günter Grass, Habermas accepted German unification in 1990. Instead of ethnic nationalism, he advocates *Verfassungspatriotismus*, or constitutional patriotism, which, Müller explains, would be "a new form of 'postnational' political belonging, not just for Germany but for Europe as a whole." Citizens would "transcend their particular national traditions," and the German state (like others) would "melt into a European federation of some kind."

That proposal may have little appeal outside Germany. Still, says Müller, "Habermas's constitutional patriotism has helped the radical 1968-ers—mostly no more than liberal social democrats today—to come to terms with their country, to have the old *Bundesrepublik* without the nightmare of *Deutschland*. For anyone who recalls the tension of the terrorism-ridden 1970s, that is no small thing."

Castro's Fig Leaf

"Cuba's Road to Serfdom" by Carlos Seiglie, in *Cato Journal* (Winter 2001), Cato Institute, 1000 Massachusetts Ave., N.W., Washington, D.C. 20001–5403.

Since the loss of his Soviet patron, Fidel Castro has opened up Cuba to foreign investment. An estimated 4,500 companies from more than 100 countries now do business with Cuba. But because of a U.S. embargo, none of those companies are American. Castro blames the U.S. embargo for Cuba's low level of foreign investment, but the real fault, contends Seiglie, an economist at Rutgers University, lies with his mismanaged socialist economy.

Foreign firms in Cuba cannot hire Cuban workers directly. The firms pay the government an average of $500 a month for each worker—and of that monthly amount, the government keeps an average of $486, giving the worker only a $14 wage. In a competitive labor market, the economist writes, wages would be much higher—and so would levels of employment, production, and foreign investment. Allowing Cubans, not just foreigners, to own private property would also help, he says.

During the 1990s, estimated foreign investment in Cuba totaled little more than $188 million a year, in an economy with an estimated gross domestic product (in 1996) of $16.2 billion.

After Castro opened Cuba to foreign investment, the United States responded by putatively strengthening the nearly four-decade-old embargo on trade with Cuba. In the Cuban Democracy Act of 1992 and the so-called Helms-Burton legislation of 1996, Washington tried to ban foreign subsidiaries of U.S. firms from doing business with Cuba and to impose penalties on foreign firms that did. But at the same time, Washington undercut the embargo by adopting "humanitarian" measures that let Cuban Americans send money to Cuban relatives and travel to the island, Seiglie observes. During the 1990s, Cuban Americans sent an average of $250 million a year in remittances to the island—much more than the annual amount of foreign investment in Cuba. And in 1999 alone, 124,000 Cuban Americans visited Cuba, using, for the most part, the Cuban government-operated travel service, Havanatur, and spending a "sizable" sum of money while there.

From the U.S. point of view, Seiglie observes, the embargo made sense during the Cold War, because it forced the Soviet Union to divert more of its resources to propping up the Cuban economy. Today, however, the situation is different, and the embargo, with its "humanitarian" loopholes, is having only a "negligible" effect on the Cuban economy.

Even if the embargo were lifted, "the low returns to capital resulting from the mismanagement of the economy" guarantee there would be no major increase in foreign investment, Seiglie believes. Without the embargo, Cuba would be "just one more capital-hungry country competing for funds" in a world full of investment opportunities. And Castro would lose his excuse for his regime's economic failures.