Reflections on Cuba

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In November 2014 we joined an 11-member delegation from the N.C. Center for International Understanding on an eight-day trip to Havana, Cuba. The trip was organized by Fundacion Amistad, a New York based non-profit dedicated to fostering mutual understanding between citizens of the U.S. and Cuba. Following are some reflections on our trip.

Initial impressions

In many ways Havana comes across as a city stuck in a 1950s. The most visible sign of this time warp is the abundance of old American cars, many of them serving as taxis. No American cars have been imported since the U.S. embargo was imposed in a series of steps beginning in October 1960, shortly after the Cuban Revolution. A minor industry has grown up to restore and maintain cars already in the country at that time. Cuba must be the only country where one can have the experience in 2014, as we did, of going to a restaurant in a baby blue 1956 Oldsmobile convertible with the top down.
Likewise, virtually all of Havana’s housing stock was constructed during the colonial period (1900 to 1958) and is thus more than 70 years old. The doubling of the city’s population and the absence of new construction means that buildings that might have housed a single family in the 1950s have now been subdivided into units serving multiple families. Most of the buildings have deteriorated significantly – we were told that three of them collapse every day in Havana – and a peek behind facades that have been restored often shows overcrowded and unsafe conditions with minimal sanitary facilities. Although the city’s network of underground water and sewer systems were well-designed and well-constructed in the early 20th century, they are no longer up to the demands of the increasingly urbanized Cuban population of the 21st century, as we clearly observed during the first major rain storm. “All of the benefits of the Revolution went to our grandparents,” complained one speaker. Further, the absence of the internet for most of the Cuban population and the very limited availability of cellphones give Havana a feel that is very different from other developed, or even developing, countries.

The Cuban political system

The Cuban government continues to control the economy, with 85 percent of employment being in state owned companies, and limits the options available to its citizens. While we didn’t learn much about the Battista period of the 1950s, it is pretty clear that there was great inequality at that time, with huge disparities in the lives of an ostentatious upper class and the very poor. The big change associated with the Revolution was the provision of food, health care, education and housing to all. Residents receive monthly ration cards to buy food from government-owned stores at heavily subsidized prices. The problem is that since the early 1990s these stores frequently have had little food on the shelves. Cubans with access to the hard currency known as CUCs (discussed below) can supplement their rations at better-stocked stores that are inaccessible to most Cubans. When buildings deteriorate so much that they are no longer livable, residents are moved to other housing, though not always in areas they would prefer to live. People are assured employment, but the average wages are only about $20 per month. While there is clearly some inequality today and it appears to be growing – much of it related to the fact that workers in the tourism industry have access to hard currency – the poor are undoubtedly better off today than they would have been during the Battista years in the 1950s. Health care and education are free. Moreover, like many countries characterized by strong
central control, Havana is a safe city, with low crime and drug rates. At the same time, the country is clearly getting poorer and poorer.

For the first 30 years after the Revolution, the Soviet Union heavily subsidized the Cuban economy largely by purchasing large quantities of Cuban sugar. These subsidies ended abruptly with the collapse of the Soviet Union, and living conditions were particularly harsh during what has become known as the “Special Period” between 1990 and 1993. The situation eased somewhat when Venezuela, under the leadership of the late Hugo Chavez, used its oil revenues to help Cuba in return, among other things, for the services of 30,000 Cuban doctors; but Venezuela’s recent political and economic troubles have made it an unreliable ally. One of the Cubans we encountered quipped, “We lived off the Russians for 30 years, Chavez for 12 more, and now we’re looking for the U.S. to take their place.”

An important downside of the Revolution was the removal of incentives for Cubans to work hard and to be entrepreneurial. Why push yourself when the basics of living are provided for you, your wage is guaranteed regardless of your productivity, and when there are few opportunities to improve your life other than by leaving the country? Huge numbers of professionals opted to leave immediately after the Revolution when the government confiscated their property and today the U.S “Interest Section” (the substitute for an embassy) processes 20,000 visa applications a year, while many ordinary Cubans to try to leave by the dangerous means of rafts or small boats.

The economic situation

Cuba followed a Soviet economic model in most areas of the economy, especially agriculture. The conspicuous exceptions were education and health care. Literacy in Cuba is now near universal; the primary and secondary school system is regarded as one of the best in Latin America; and the health care system is world renowned. Indeed, the government has embraced health care as a powerful export item: witness the leading role that Cuban doctors have been playing in the recent Ebola crisis in West Africa. By marching to its own drummer in education and health care, Cuba was able to pursue two of the central goals of the Revolution.
We had some interesting discussions about whether the Cuban Revolution was intended to produce a communist state. It can be argued that, with France and Mexico as his only international friends after the Revolution, Castro had no option other than to strengthen ties with the Soviet Union and to adopt the Soviet model in agriculture and other areas. One of the Cubans we met suggested that the result of the Revolution was a system of “Fidelism,” and not necessarily communism. Somewhat surprisingly for a revolution that was closely tied to a single powerful leader, we saw virtually no pictures of Fidel anywhere we went. The only face gracing the walls and posters that we saw was that of Che Guevara, the Argentinian revolutionary who played a key military role in the Revolution and became an architect of Cuba’s ill-conceived economic policies.

Cuba currently operates under a dual currency system characterized by Cuban pesos used by ordinary Cubans and convertible pesos, known as CUCs, that are tied to the dollar. Following the economic crisis of the Special Period the Cuban government was forced to allow purchases in dollars, which, more recently, have been made convertible to CUCs. One dollar purchases 0.87 CUCs, because the government takes 10 percent of any currently exchange and an extra 3 percent when the currency is dollars. One CUC, in turn, is equivalent to 25 Cuban pesos. A major source of income for many families in Cuba is the remittances they receive from family members in the U.S. In contrast to the situation in other developing countries, such as Mexico, where remittances from absent family members benefit struggling poor families, the remittances in Cuba typically benefit the professional classes. One effect of these remittances is to reduce incentives for professionals, such as doctors, to work hard because far more of their income comes from remittances than from seeing patients in the state owned and operated clinics. Cuban government officials reportedly understand that the two-currency system is unworkable in the long run, but moving toward a single currency will be a daunting macroeconomic task. Without a major increase in productivity that would permit a significant rise in wages, a single currency would be extremely harmful to the typical Cuban.

While the basic picture is one of limited incentives and few choices, Raul Castro has begun to loosen some things up. Private restaurants, known as paladars, are a good example. While there are still not very many of them, the new paladars have far more flexibility than restaurants had a few years ago when they could not hire any non-family employees and could have chairs for no more than 12 people. Today, the paladars can hire employees and are much freer to do as they please, although they now have to pay taxes on their earnings – a strange new concept for Cubans. Many of the paladars, including the wonderful one we enjoyed for our final night dinner, operate out of people’s houses. In addition, some small shops are opening, as well as private cafes in some of the newly renovated plazas in the old City.

One night many of us went to The Factory, an erstwhile factory now turned into a private nightclub that offers its mostly young clientele a lot of art (for sale) and music (both live and canned) and sells drinks. The government has periodically shut the establishment down, but it was open again while we were there, with hordes of young people standing in line well after midnight to get in. It clearly serves a need as young Cuban have few places to meet with their friends other than along the seven-kilometer Malecon (waterfront drive) in front of our hotel. From our rooms in the Hotel Nacional, built in 1930, we could observe thousands of young...
people socializing there, except when stormy weather generated waves that covered not only the walking area but also the road itself and forced it to be shut down. (As an aside, on the grounds of our hotel, we could visit the bunkers and cannons set up during the 1962 Missile Crisis, which brought home to us the dramatic change in U.S. Cuban relations from close friendship in the late 1950s to confrontation in 1962)

Tourism also provides Cubans various opportunities to earn some extra money through tips or provision of services, and Cubans are clearly learning how to hustle for tips. Some of the owners of old cars work as taxi drivers to earn hard currency. Some members of our group saw evidence of prostitution, but that was not evident to all of us and was certainly far less up front than in the pre-Revolution period. One of the major problems facing the forays into privatization is that Cubans simply do not know how to run a business. We visited a cultural center, formerly a Jesuit-run religious institution that is trying to address the problem by providing training in management skills and serving as an incubator for new small private businesses. Many of us came away with the impression that while Cuban resourcefulness has been systematically repressed for many decades, it will reappear if and when the government begins to ease up on the restrictions that it has imposed on non-governmental economic activity. With the easing, however, will come new economic risks for the population as they experience the vagaries of economic markets.

The Quality of Life

Assessing the quality of life for ordinary Cubans is tricky. By the standards of middle class Americans, Cuba seems very poor, especially if one looks at the housing conditions in Havana, which are becoming worse and worse over time as the buildings age. At the same time, there was little evidence of homelessness or serious malnutrition. Cubans seemingly are poor but not destitute. Other than the ones who have an opportunity to leave the country, most of them have no choice but to accept their situation and to make the most of it. Among the professionals we encountered, there was some
optimism for the future ("We’re moving in the right direction.")

One challenge going forward will be how to manage expectations. As some Cubans have opportunities to earn more and when the internet eventually becomes available, expectations will rise, and who knows what will happen. One of our taxi drivers (the driver of the 1956 Oldsmobile convertible) was clearly angry at the government for opening up some income-earning opportunities on the one hand while collecting taxes from him on the other hand. "They say they are giving us new freedoms," he said, "but they are only returning what belongs to us in the first place." The apparent recent increase in the number of Cubans risking their lives to cross the Florida Straits suggests that recent efforts by Raul to ease some economic controls have done little to increase Cubans’ satisfaction.

Cuba is a totalitarian state in the sense that the government exercises huge control over citizens’ lives, allows no press freedom, and has the power to do whatever it chooses to do – no explanation required. The government authorities must approve the itineraries of visiting groups such as ours. Our initial itinerary included a visit to the new port being built outside Havana, but we were subsequently told that this had been cancelled. Other relatively minor changes in our schedule caused problems because the government-controlled tour bus company could not take us to places not on our approved itinerary. There were only a few times when we sensed that our comings and goings were being monitored, such as when one member of our group seemed to have been followed into the hotel elevator, but by and large we felt free to wander where we wanted, including to cafes, and to the Tropicana night club and to use taxis to take us where the tour bus would not. The Cubans may be just as thorough as the Russians in keeping watch on foreigners, but they are far more subtle.

Authorized trips to Cuba must be organized around a non-political theme, and ours was arts and culture. Accordingly, we visited a number of museums and galleries and met with some local artists in their studios. The relationship between the government and the creative community is interesting. One of Fidel Castro’s first acts after taking power was to commission a set of five schools, based on state-of-the-art parabolic brick structures, for dance, music and the visual arts on what had been the most elite golf course in Havana. Although the Russians stopped the construction in 1963 shortly before it was completed on the
ground that it represented a waste of money, we were able to visit some of the newly renovated structures that are currently operating as painting and printing schools. In 1961 Castro called a three-day meeting with Cuban intellectuals and made a speech entitled “Words to the Intellectuals” in which he famously declared, “Within the Revolution everything, against the Revolution nothing.” Nevertheless, Castro did not seem to pay an inordinate amount of attention to the arts, and Cuba did not follow the path of Russia in commandeering artists to aggressively pursue revolutionary themes. There is no Cuban equivalent to the dreary and didactic Soviet realism style. Artists seem to enjoy a surprising freedom to be social critics. We saw a number of art works that highlighted the pressures under which Cubans live; one of our favorites was the “iron curtain” around Cuba, portrayed by thousands of tiny fish hooks in a sea of red ocean water. The one conspicuous constraint is that the government owns the art galleries and thus can refuse to show paintings deemed too anti-revolutionary. There are no restrictions on the value of art that Americans can import from Cuba, so clearly the export of Cuban art is a way to earn hard currency. On our last day, we had the pleasure of seeing a magnificent dance rehearsal performance by a dance company of young Cubans that travels widely.

The Trade Embargo

The issue of whether the U.S. should immediately lift the trade embargo that has defined relations between the two countries for more than 50 years turns out to be more complicated than one might suppose, and members of our group came away with a variety of views on the subject. We could all see the hardship that the embargo imposes on ordinary Cubans – from the lack of materials to renovate crumbling housing or to invest in new business activities to the paucity of affordable consumer items in the stores – and some favored lifting the embargo immediately in order to free up long-stifled private enterprise. Others accepted arguments of some of the observers with whom we talked who argued the lifting should be gradual, and should be accompanied by a gradual normalizing of relations. Such a normalization would allow the two countries to address issues of clear common concern such as oil spills in the waters around Cuba. One speaker recommended making the embargo restrictions more “porous” – in order to give Cuba time to develop an infrastructure to sustain increased activity and to diversify its economy.

The most immediate impact of a lifting would likely be a substantial increase in tourism. Although that outcome might provide some short term benefits (at least for some people), it would interfere with the longer term goal of developing a diversified economy less vulnerable to inevitable shocks in the world economy. Moreover some Cubans expressed fear that the abrupt end of the embargo would greatly increase inequality in Cuban society and undermine its socialist ideals. One speaker noted that the U.S. justification for the economic embargo – which is actually several different pieces of legislation enacted between 1960 and 2000 – has evolved over five decades. Initially imposed as a response to the Cuban government’s expropriation of private property held by Americans, it has been subsequently justified as a tactic for curtailing the spread of communism in the Western Hemisphere (obviously not relevant today), as punishment for the shooting down of an unarmed plane with two Americans aboard, as a way of preventing trade with an enemy of the U.S. and as a tool to force Fidel Castro to change his policies. There seems to be a growing sense that at some point the embargo will have to go
because, as one speaker put it, “If you take aspirin for 50 years and you still have a headache, it’s probably time to try something else.”

Whether or not the embargo is lifted, Cuba faces a huge task in restructuring an economic and social system whose chronic weaknesses became evident during the Special Period. As one speaker clearly stated, “Socialism does not work.” Perhaps the best symbol of the challenge ahead is that Cuba, which once supplied a majority of the world’s sugar, must now import sugar from Brazil to meet the needs of its people.

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