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# **Reinventing Cuba--Linking Tourism to Community Development The Case of Havana Vieja**

**By**

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**Guest Lecture, University of Delaware  
October 2, 2003**

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This paper analyzes Cuba's effort to reinvent itself by exploring the linkage between international tourism and community development. Using Habana Vieja or Old Havana as a case study, it is argued that Cuba, faced with a severe economic crisis, sought to develop a progressive form of international tourism that integrated elements of a market economic into its socialist economic system. This strategy involved linking tourism to community development and managing the negative socioeconomic byproducts of the mixed economy. Survival and good intentions notwithstanding, international tourism still placed a capitalist Trojan horse inside Cuba that threatens the Revolution's goals and aspirations. The paper is divided into two parts. The first part examines the Cuban model of international tourism, while the second part explores the downside of Cuba's experience with tourism.

## **International Tourism and the Cuban Experience**

*What caused Cuba to embrace international tourism as the locomotive to drive its economy?* Faced with economic disaster and possible regime change, in 1989 Cuba formulated a bold plan to save the Revolution by reinventing itself. The objective was to create social and political stability by developing a mixed economy powered by international tourism.<sup>1</sup>

Grim economic times created a dreadful dilemma for the Cuban Revolution. When the rebels seized power in 1959, they thought building socialism would be a simple, straightforward process. *Then romanticism and idealism confronted hard reality.* The ability to implement revolutionary social programs and construct a new society depended on the development of a vibrant economy. The United States understood this, and in 1962 launched an economic embargo designed to make life so miserable for ordinary Cubans that a social crisis would erupt and lead to the ouster of Fidel Castro.<sup>2</sup>

This policy forced Cuba into the arms of the Soviet Union and the socialist-trading bloc.<sup>3</sup> Although problematic, the Soviet alliance nevertheless spawned the Revolution's golden age in the 1960s and 70s. Then the bottom fell out. The Soviet Union and the socialist bloc collapsed in 1989. Over night, Cuba lost eighty percent of its foreign market.<sup>4</sup> From 1989 to 1992, the gross national product (GNP) fell from 28 to 45 percent and exports dropped from \$5.4 billion to \$2.2 billion. Shortages of consumer goods, including petroleum, spawned

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<sup>1</sup> Francesco Frangialli, *Understanding Tourism Development and Beyond*, **ReVista Harvard Review on Latin American**, Winter 2000.

<sup>2</sup> Jose' Bell Lara, ed., **Cuba in the 1990s**, Instituto Del Libro, Havana Cuba, 1999.

<sup>3</sup> The Council for Mutual Economic Assistance (CMEA)

hardships, magnified social tensions, and caused disparate Cubanos to flee the island.<sup>5</sup> In July 1990, Fidel Castro proclaimed Cuba was in a *Special Period in the Time of Peace*. He called upon the masses to be prepared for a sustained period of hard times. Believing the end was near; the United States intensified its embargo. In 1992 Congress passed the Cuban Democratic Act and in 1995 they passed the Helms-Burton Bill.

### **The Reluctant Architects of International Tourism**

Caught in the grips of a severe economic crisis, the Cuban government had to obtain hard currency and redevelop its ravaged economy in a world market dominated by the United States. Survival became the only goal.<sup>6</sup> The strategy was to refashion the economy without abandoning the socialist principles set forth in the January Revolution. Reluctantly, without other viable options, Cuba bet on international tourism. This is both ironic and paradoxical.

The rebels hated international tourism. They believed this industry was the epitome of capitalist exploitation, social injustice, racism and human degradation. During the Batista regime, international tourism was controlled by the US Mafia and rooted in corruption, prostitution, drugs, and gambling. Sun, sand, and sex transformed the island into a racist American playground.<sup>7</sup> By the late 1950s, Cuba had become known as the “*the Paris of the Americas,*” “*America’s Gambling Capital,*” and “*The Little Latin Whorehouse.*”

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<sup>5</sup> Check the references for these notes. James C. McKinley, In Cuba's Crippled Economy, the Only Goal Is Survival, **NY Times**, January 11, 1999.

<sup>6</sup> Survival also meant avoiding the pitfalls of the Soviet Union, Eastern Europe, Vietnam, and China.

<sup>7</sup>Lorena G. Barberia, *The Caribbean: Tourism as Development or Development for Tourism?*, **ReVista: Harvard Review of Latin America**[Image] **Tourism in the Americas Development, Culture and Identity**, Winter 2002

Cuba also opposed international tourism for ideological reasons. Most tourists are from western capitalist countries, and their brazen materialist culture and celebration of individualism makes a frontal assault on socialist culture with its anti-materialist and collective emphasis. For these reasons, when the rebels seized power, they denounced international tourism and vowed never to use capitalism to build socialism.<sup>8</sup>

Repudiation of international tourism did not mean Cuba rejected tourism per se.<sup>9</sup> Leisure time was considered a basic human need and domestic tourism became a cornerstone of the government's revolutionary social development program. The idea was to create opportunities for ordinary Cubans to relax, recreate, and enjoy their country.<sup>10</sup> Foreign visitors were still welcomed, but international tourism was never really promoted prior to the economic crisis.<sup>11</sup>

### **The Road to International Tourism**

Economic dire straits forced Cuba to change its attitude about international tourism. In this context, the objective was to produce a brand of wholesome international tourism consistent with the goals of revolution. Fidel Castro repeatedly said *Cuba wants to develop tourism fit for the entire family, without*

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<sup>8</sup> Che Guevara declared "We will not reach communism by using capitalism...we will not create a socialist consciousness, much less a communist consciousness, with the mentality of shopkeepers. We will not create a socialist consciousness with a dollar sign in the minds and hearts... of our people..."

<sup>9</sup> Orlando Gutierrez Castillo and Nelida Gancedo Gaspar, *Tourism Development: Locomotive for the Cuban Industry*

<sup>10</sup> In 1959, the tourist industry was nationalized and oriented toward the domestic market. Later, in November, the National Tourism Industry Institute (NTII) was established with Fidel Castro as its president. All beaches were opened to the public and new ones were constructed, along with hotels, tourist centers, and national parks. An enterprise called the Exclusiones Nacionales y Internacionales was created by the NTII to organize trips and vacations around the country and to other socialist countries

<sup>11</sup> During the late 1960s, the government decided to expand international tourism as part of the effort to diversify the economy. The plan was to market tourism to Eastern Europeans and Canadians and to use beaches, mountains, and other natural and cultural assets to attract them. Yet, the thrust toward international tourism was never really taken seriously.

*gambling and illegal drugs. “You won’t see any casinos here, nor will there be drugs,”* he declared.

The prime architect of this progressive type of tourism was Eusebio Leal, Historian of the City of Havana. Back in the seventies, when Cuba first toyed with the notion of diversifying its economy by expanding international tourism, Leal advanced the idea of using tourism as a means of protecting the nation’s cultural heritage and of financing social development programs.

A veteran of the January Revolution, Leal was primarily concerned about obtaining the resources needed to restore the Old City’s colonial heritage. Named a World Heritage Site by UNESCO in 1982, Habana Vieja, or Old Havana, contained both a treasure chest of rare colonial architecture and fortifications and also the worst slum in the City. Unemployed, poorly paid Afro-Cubans living in dilapidated and dangerous buildings largely populated this overcrowded community.

Historic preservation was never a priority of the Cuban regime. After the Revolution, Castro focused on rural development and urban centers were neglected, causing Havana to become one of the most deteriorated cities in the world. The upside was that urban renewal never visited the locale, as it did in other Latin American centers. So, Old Havana retained much of its colonial heritage.

Leal argued that the architectural gems of Habana Vieja were part of Cuba’s cultural heritage, not merely an assemblage of artifacts of past bourgeoisie wealth and glory. He stressed that international tourism could be

used as a tool to restore the cultural artifacts of Habana Vieja and to turn the locale into a good place to live. Madeline Menendez Garcia, in a 1992 report, also stressed that the redevelopment of Habana Vieja must be accompanied by efforts to improve the lives of residents.<sup>12</sup> She warned, If this did not happen, people would complain that preservation was nothing more than an elitist concept of culture. The ideas of Leal and Garcia, then, called for linking international tourism to culture and then using it as an engine to drive social development.

These ideas formed the template that guided the expansion of international tourism in Cuba. As a result its focus on heritage, Cuba unlike other Caribbean nations, anchored international tourism with urban-based cultural tourism, and placed a secondary focus on sand and beaches.<sup>13</sup> As a result, Havana became its top tourist destination, followed by Varadero, a resort town located about two hours away.<sup>14</sup>

In Havana, under this strategy to promote tourism, the Office of the Historian of the City became a unique cultural and economic development agency. Leal was given the unprecedented power and authority to direct tourism planning in Habana Vieja and to use the profits derived from it to restore Habana Vieja and to transform the residential community as well.

International tourism became the locomotive driving the refashioned economy. In a mere decade, it went from an incidental source of income to the

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<sup>12</sup> A 1992 report for the National Center for Conservation, Restoration and Museumology (CENCREM).

<sup>13</sup> Mario Coyula, *City, Tourism and Preservation: The Old Havana Way*, **ReVista**, Winter 2002.

<sup>14</sup> Varadero is Cuba's premier beach resort; set on a sheltered peninsula with what many claim to be one of the finest beaches in the Caribbean.

most dynamic sector of the economy. About \$3.5 billion was invested in tourism; by 2000, 43% of Cuba's balance of payment came from this sector. To bolster its supply of well-trained tourist workers, a number of educational centers were developed.<sup>15</sup> When the decade ended, sixty hotels had been built, giving Cuba the second largest capacity in the Caribbean, and the island had emerged as the second most popular tourist destination in the region.

Amazingly, in the span of ten years, tourism had replaced sugar as the most important sector in the economy. Cubans use to say, *sin azucar, hay no pais*. Now they say, *sin turismo, hay no pais*. The Cuban leadership was determined not to reproduce the tourism of the pre-1959 era. The model of cultural tourism created in Habana Vieja informed tourist development across the island. Understanding what happened in this locale is key to gaining insight into the Cuban approach to tourism.

The goal of the Habana Vieja restoration strategy was to turn the old part of the city into *a living community*; a place that accommodated tourists and Habaneros and through its historic buildings, monuments, fortifications, and museums also told the story of Cuba's history and its socialist revolution.

This meant the *tourist district* had to be designed as a *tourist dreamscape* and as a *functional community* for Habaneros. The northeastern quadrant of Habana Vieja was set aside for *the tourist district*, and then transformed into a *dreamscape*—an authentic, historical place that had been restored to meet the needs, wants, and expectations of tourists. *Dreamscapes*, then, are

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<sup>15</sup> These centers were consolidated into a network known as FORMATUR in 1994. About 16,000 workers graduated annually from the 22 teaching centers in the network.

environments that are physically authentic, but have been socially distorted to make tourist feel safe, secure, and in control.

At the same time, to make this area functional for residents, dwelling units were scattered throughout the tourist district. However, the number of Habaneros actually living the district was kept at a minimum. The idea was to create an *exotic Cuban presence* in a place dominated by tourists. To create social space for Cubans in the district and to give them a sense of ownership over the place, a few historic structures were redesigned for mixed usage. For example, the Catedral de San Francisco de Asis in Plaza San Francisco functioned both as a tourist attraction and primary school. Some structures were also redesigned to provide social functions such as services for the physically challenged and at risk pregnant women. A few stores that sold merchandise only to Cubans were located in the tourist district, and in the northern corner of the district is a small outdoor restaurant and shopping area that caters to both tourists and Habaneros. The point is the tourist district was designed as both a dreamscape and functional community for Habaneros. Although this design created tension, it nevertheless allowed the Cuban to achieve their *living community goal*.

Although the district is the main hub of tourist activity in Habana Vieja, a number of venues are scattered throughout the community. The distribution of these sites across the old city brings tourist into contact with ordinary citizens and heightens the possibility of personal relations being established. Cubans are very friendly, the streets are safe, and this combination of “friendly people” and “safe streets” encourages interaction between tourist and Habaneros.

Restoration of Habana Vieja also involved redevelopment of the resident community, which lay outside the tourist district. This redevelopment process created tension between economic and social goals of the restoration of Habana Vieja. Two examples will illustrate the problem. The tourist industry is continually driven by the need to turn structures that housed residents into hotels, high priced condominiums, restaurants, shops, and museums. This process of converting residential structures into tourist-based commercial structures is continually displacing residents. Habana Vieja is an important source of income for the country, and the temptation to make residential structures part of the tourist infrastructure will always be great.

Ironically, another source of displacement is related to turning overcrowded buildings into good places to live and raise a family. Habana Vieja is one of the most congested communities in Latin America, and any redevelopment effort will include reducing density. Within this context, the leaders have repeatedly voiced opposition to gentrification and said Habana Vieja would never become another San Juan, Puerto Rico. But as Habana Vieja gained prominence as a tourist destination, residents wonder about this earlier commitment.

Most people want to remain in Habana Vieja, no matter how bad the housing and this greatly complicates the matter. Closeness to tourists gave residents greater access to dollars and the hope of improving their lives. So, then, the desires of the residents and the needs of the tourist industry has

spawned *structural tensions* between the social and economic goals of the restoration movement.

Tensions notwithstanding, redevelopment of Habana Vieja has created an impressive social development track record. The most important social development project has been the revitalization of San Isidro, a poor neighborhood in the southern tip of Habana Vieja. This redevelopment effort is part of a social experiment designed to create holistic model of community development. Funded primarily by the Office of the Historian of the City, the San Isidro project is a resident-based, community driven initiative that integrates physical, social, and economic development. A neighborhood-based interdisciplinary work team composed primarily of residents, political representatives, and planners leads the project.

### The Downside: International Tourism as a Capitalist Trojan horse

At one level, the strategy of using international tourism to drive social development has been successful. Tourism sparked an economic recovery and provided the resources needed to fund social development programs, including health, educational, and recreation. Yet, international tourism, no matter how it is structured, is still a two-headed monster, and this dualism created problems for Cuba.

Cuba is not just a third world country. It is also a nation attempting to build a society that shuns individualism, iconization of private property, and brazen materialism. This means the very process of building a tourist infrastructure and importing millions of people to have fun and spend money was bound to create

problems. International tourism did spark an economic recovery, but it also opened up a capitalist Pandora's Box, which led to a new form of structural inequality, revival of racism, and erosion of socialist culture.

These problems stemmed from the interplay of three interrelated forces. First, reforms designed to generate hard currency had a profound impact on social relations in Cuba. To get such money, the US dollar was legalized in 1993 and families allowed to receive remittances from relatives in the United States.<sup>16</sup> Then, to capture the *dollars* from tourists and citizens alike, retail stores managed by quasi-state enterprises were set up that accepted only hard currency. These "*dollar stores*" sold a variety of foodstuffs, alcohol, cigarettes, watches, televisions, cameras, electronics, toys, and jewelry at high prices.<sup>17</sup> Only people with dollars could buy them.

To shield Cubans from inflation, the peso continued to exist, and prices were kept low in "*peso only stores*." At the same time, the State maintained its food-rationing program and other basic needs subsidies to protect residents from the full impact of hard times. In other words, to offset the economic impact the "*dollar stores*," Cuba created a dual economy: one based on the US dollar and the other on the peso.

The problem is the *dollar* and *peso* economies were never equal. Frozen by the state, peso wages, even when combined with subsidies, could not meet

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<sup>16</sup> U.S. citizens are allowed to send their relatives up to \$1,200 a year.

<sup>17</sup> Ana Julia Jatar-Hausmann, **The Cuban Way: Capitalism, Communism and Confrontation** (Kumarian Press, Hartford, CN, 1999, p. 61. Prices in "*dollar stores*" were high in order to get high margins needed to finance the fiscal deficit. Only those with hard currency can make purchases in "*dollar stores*."

the basic needs of people, let alone raise their living standard. Consequently, those with dollars were able to obtain a higher standard of living than those without them. Ironically, the US currency began to erode the egalitarianism of the Cuban Revolution as it restructured society on the basis of access to the dollar.

There were only a few ways to obtain dollars. One way was through remittances from family members abroad. U.S. citizens are allowed to send relatives up to \$1,200 a year, which is a huge amount in a county where many people live on \$10.00 a month.<sup>18</sup> Thus, the income of those getting remittances enabled them to increase their standard of living significantly.<sup>19</sup> The problem is most Cubans getting money from abroad are white, and this spawned quality of life differentials between the races.

*Racial barriers* also limited opportunities for Afro-Cubans in the tourist industry and in self-employment. Jobs in the tourist industry and in self-employment are desirable because they provide workers with access to dollars via tips, work incentives, friendships, and in some instances, salaries.

In the tourist industry, whites and mulattos are the preferred workers. Western tourists and entrepreneurs bring both their capitalist culture and racist ideas to Cuba, which in turn, plays an important role in shaping the workforce. Because tourists and companies engaging in joint ventures favor white and mulatto workers, they are over represented in the tourist industry.

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<sup>18</sup> Estimates of how much money reaches Cuba each year vary widely, from several hundred million dollars to \$1 billion. \$1,200 is a huge amount in a country where many live on a monthly income of \$10.00.

<sup>19</sup> As a Cuban veterinarian said, "I have three brothers abroad and they send me money, otherwise I couldn't live. I'm lucky. My children do not want for anything." James C. McKinley, *In Cuba's Crippled Economy: Survival is the Only Goal*, **New York Times**, January 11, 1999.

Afro-Cubans also have trouble finding a niche in self-employment or microbusiness. Introduced in 1993 to ease unemployment, provide needed public services, legitimize illegal activities, and capture dollars, self-employment is desirable because of the access it gives workers to dollars. Whites also dominate this lucrative new business sector.

Ambivalent about self-employment, the government built obstacles to stunt its growth: tight regulation, heavy taxes, lack of access to credit, and inability to hire workers outside the family. Under these conditions, starting and sustaining microbusinesses--especially in enterprises catering to tourists such restaurants, renting rooms, and owning a taxi--is almost impossible without access to dollars. Ironically, the very measures used by the government to deter growth of self-employment also gave whites, because of greater access to the dollar, a big edge in this sector.

Limited access to the dollar produced the second negative outcome of international tourism: the relegation of Afro-Cubans to the margins of the new economy. With few opportunities in the tourist industry and most legitimate ways of obtaining hard currency closed, Afro-Cubans became over represented in the black market and informal economy: prostitution, hustling, petty thief, and *illegal or socially questionable activities* linked to tourism. Life in Cuba is hard; the struggle to survive drives daily life, and access to the US dollar is the key to improving one's living standard. In this context, tourists are viewed as a source of dollars, and the goal is to separate them from their hard currency. Friendship,

love, casual acquaintance, and other relationships between tourist and Habanero are inseparable from the quest to obtain dollars.

The government knows that economic necessity is forcing many people to make ends meet by participating in the black market and informal economy. They manage this situation by using the Whitney Houston Rule, "*It's not right, but it's okay*". As long as these activities, including prostitution and selling cigars, stay above the *threshold of acceptability*, they are tolerated. If they fall below this indeterminant point, they are stopped immediately.

Lastly, the overrepresentation of Afro-Cubans in the black market and informal economy produced the refashioned economy's third negative outcome: Tourist Apartheid. The need to keep tourists safe, the production of dreamscapes, and the desire to shield Habaneros from negative social impacts combined to produce tourist apartheid or the practice of keeping tourists separated from Cubanos. Two examples will illustrate the point.

First, the tourist district in Habana Vieja was transformed into *dreamscape* oozing with authenticity: forts, plazas, cathedrals, mansions, and historic structures turned into charming shops, stores, restaurants, and hotels servicing the tourists. To secure the place, efforts are made to limit the number of Cubanos in the area and to discourage interaction between tourist and Habaneros. Toward this end, in the tourist district, the police frequently stop Cubans for ID checks, especially young black men. Moreover, Cubans are not allowed in hotel rooms, and even their entry in some hotels and restaurants is dissuaded, unless a tourist accompanies them.

Second, keeping tourists safe is a major goal of the government. Tourism is the country's most important source of hard currency, and people will not visit places they believe are dangerous. Cuba's reputation as one of the safest places in the world is good for business, and through constant police surveillance the government plans to keep it that way. Across the city, the police often ID Cubans walking with tourists, especially young black men, and women believed to be prostitutes are sometimes questioned. Because of the location of Afro-Cubans on the economic margins, these security-based activities have the greatest impact on them.<sup>20</sup> These security-based policies are causing resentment to grow among Afro-Cubans, who sometimes feel the government cares more about tourists than its own citizens.

Fueling this belief is the simple reality that *tourists are the new elite in Cuba*. Tourism demands that the government provide visitors with exciting, authentic experiences that include convenience, good hotels, fancy nightclubs, efficient transportation, tasty food, and exclusive settings imbued with ambience. Most Cubans can only dream about the luxurious world made for the tourist, and they resent it. At the same time, they are captivated by it. Capitalist culture, with its illusion of the possibility of the good life for everyone, is seductive. And many young Cubans, yearning for improved living conditions, are drawn to its materialist and hedonistic cultural matrix. These feelings are reinforced by the emergence of the US dollar as the new symbol of prosperity in Cuba. How can the United States be so bad when we use its currency to unlock the doors to the

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<sup>20</sup> Lastly, the government is also attempting to build to shield residents from negative social impacts by building a wedge between them and tourists. By making it difficult for tourists to interact with Cubans, the hope is to thwart the occurrence of illegal or socially corrupting activities.

good life? The rise of a materialist-based counter culture is already complicating the process of building Cuban socialism.

## Conclusions

International tourism made it possible for Cuba to pull back from the brink of catastrophe. When the socialist world collapsed in 1989, the Cubans were faced with three choices: Bad, very bad, and really messed up. Given the circumstances, they have done well, although the road ahead is still very difficult.<sup>21</sup> At any rate, International tourism was embraced, without allowing its most negative social impacts to get out of control.<sup>22</sup> Most important, by linking tourism to community development, the Cubans are constructing a model that others should study, learn from, and replicate.

Concurrently, Cubans discovered that capitalist development is a dualism. International tourism, no matter how socially progressive, still has negative side, which gets greatly magnified in a socialist country. The greatest danger facing Cuba is its fragile economy. The country does not have the resources needed to implement fully its social agenda and bolster the standard of living among its people. As long as economic dire straits exist, and Cuba has to expand capitalist development to survive, the Revolution will be threatened. Yet, eulogies and autopsies are premature. Cubans are a resilient people, who have demonstrated

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<sup>21</sup> With great reluctance, Castro allowed the resumption of limited forms of private enterprise, opened up Cuba to foreign investment, allowed the emerge of limited ownership of private property, legalized the circulation of US dollars, and used monetary incentives to bolster production.

<sup>22</sup> Sexual tourism is still alive, especially among the elites. At the same time, Cuba has managed to keep prostitution under control.

the capacity to triumph over adversity.<sup>23</sup> The Revolution is still in its infancy and lets hope it reaches maturity.

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<sup>23</sup> Jose Bell Lara, ed., **Cuba in the 1990s**, Havana: Jose Marti, 1999, p. 251.