

# Cuba at a Crossroads

**W**hen Alejandrina Hernández flew from her home in Miami to her native Cuba last spring, she took a lot more than a few changes of clothes for the vacation. She also lugged more than 100 pounds of food, clothing, and medicine for her family and other Cubans whose relatives in the United States paid Hernández to bring the much-needed supplies.

Arnól Rodríguez, who left Cuba 11 years ago and lives in Rochester, N.Y., brought seven suitcases with him on a recent trip back. His bags contained everything from test kits for his diabetic brother to shoes, clothes, chocolate, a PlayStation 2, two hard drives, and a DVD player.

Hernández and Rodríguez are part of a surge in Cuban-American visitors to Cuba since 2009, when President Obama lifted travel restrictions for those with family in Cuba. People made an estimated 400,000 trips to Cuba from the U.S. in 2011—more than at any other time since the U.S. cut ties with Cuba's Communist regime half a century ago. And those visitors are having a huge impact even if Washington remains wary of re-establishing ties.

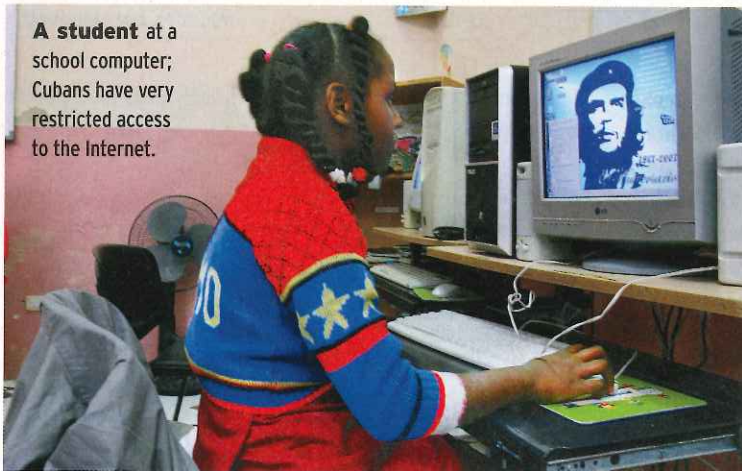
## Trade Embargo

"In Washington, the whole debate over normalizing relations in Cuba is dead in the water," says Philip Peters, a Cuba expert at the Lexington Institute, a policy group in Arlington, Virginia. "Meanwhile, in Miami, Cuban-Americans are normalizing relations one by one."

## Economic reforms and a surge in the number of Cuban-Americans visiting their homeland are beginning to change life in this Communist dictatorship

BY VICTORIA BURNETT IN HAVANA

**A student** at a school computer; Cubans have very restricted access to the Internet.



response, Washington imposed a trade embargo that remains in effect today.

Soviet aid kept Cuba's economy afloat until the early 1990s. When the Soviet Union collapsed in 1991, Cuba went into economic free fall.

Castro and his brother, Raúl, who took over Cuba's presidency in 2008 when Fidel's health declined, have long blamed the U.S. embargo for the woes of Cuba's state-run economy. And though the Communist regime has been credited with progress in education and health care, Cuba remains a totalitarian state that stifles dissent, holds political prisoners, and violates basic human rights. The press is controlled by the state, and most Cubans have only very restricted access to the Internet.

There are often food shortages. (The joke in Cuba is that if education, health care, and sports are the revolution's three greatest achievements, its three greatest failures are breakfast, lunch, and dinner.) Government salaries average about \$20 a month—even for doctors

and teachers.

Those who work in tourism and earn tips in U.S. dollars and those with relatives abroad fare better: There are 1.8 million Cubans in the U.S. who fled in waves after the revolution. They live mostly in Florida and New Jersey, and they send more than \$900 million a year to their families in Cuba.

## Economic Reforms

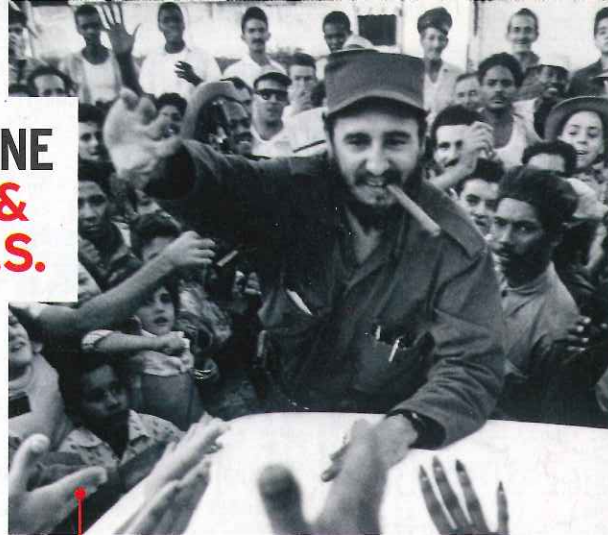
Raúl Castro has implemented some reforms. But they fall far short of the full embrace of the free market that the

Official relations between the U.S. and Cuba have been frozen since the Cuban Revolution in 1959, when Fidel Castro and his band of guerrillas overthrew the U.S.-backed dictatorship of Fulgencio Batista (*see timeline, p. 14*).

At the height of the Cold War between the U.S. and the Communist powers, Castro aligned Cuba with the Soviet Union, embracing its repressive political system, state-run economic model, and hostility toward the U.S. He also nationalized, without compensation, American businesses in Cuba. In



## TIMELINE Cuba & the U.S.



### 1959 Revolution

Fidel Castro and his guerrilla army overthrow a U.S.-backed dictatorship. Castro takes charge, with his brother Raúl as his deputy.

### 1960 Nationalization

Castro nationalizes most businesses, including American companies like Texaco, without compensation. The U.S. breaks diplomatic relations and imposes an economic embargo.

### 1961 Bay of Pigs

The U.S. backs the Bay of Pigs invasion by Cuban exiles, which fails to topple Castro. Castro announces he's a socialist and strengthens ties with the Soviet Union.



### 1962 Missile Crisis

President John F. Kennedy reveals that Soviet missiles are being installed in Cuba, bringing the U.S. and the Soviet Union to the brink of nuclear war. After 13 tense days, the missiles are removed.



### 1980 Mariel Boatlift

Domestic unrest prompts Castro to allow people to leave from the port of Mariel; 125,000 Cubans head to Florida before Cuba stops the exodus six months later.



### 2008 New President

After becoming ill and handing power to his brother Raúl in 2006, Fidel Castro (seated) resigns and Raúl Castro formally takes over as Cuba's president.



### 2009 Travel Eased

President Barack Obama lifts restrictions on Cuban-Americans who want to travel or send money to Cuba.

### 2012 Economic Opening

Raúl Castro has eased some restrictions on private business (above, one of Havana's new privately owned restaurants) and allowed real estate sales for the first time. Now that travel is easier, a record number of Cuban-Americans are visiting Cuba and taking money and consumer products to relatives.

U.S. says Cuba needs. In his first weeks as president, he allowed Cubans—those who could afford it—to buy cellphones, computers, and DVD players for the first time. In 2010, he loosened restrictions to allow more private businesses.

Then last year, Castro announced that Cubans would be allowed to buy and sell cars and homes, and hire workers for private businesses, for the first time since the revolution. It's the most significant move so far in his effort to open up the Cuban economy.

"To say that it's huge is an understatement," says Pedro Freyre of Columbia Law School in New York. "This is the foundation. This is how you build capitalism, by allowing the free trade of property."

At the same time, Castro shows no signs of offering political freedom. When Pope Benedict XVI visited Cuba in March, a government minister said political reforms would *not* follow economic reforms, as they did in Russia and Eastern Europe. The government may be eyeing the models of China and Vietnam, Communist countries that have successfully opened



up their economies while remaining authoritarian one-party states.

Though the Cuban government would never admit it, the success of its economic reforms depends to some extent on investment from abroad—particularly from Cuban-Americans. And that seems to be occurring in dramatic fashion.

#### Milk Powder & BlackBerrys

In what amounts to a family-by-family airlift, visitors bring cash and huge bundles stuffed with goods that the

U.S. trade embargo and Cuba's economic woes have put beyond reach: from basics like milk powder and vitamins to luxuries like BlackBerrys and flat-screen TVs. Much of it goes into the living rooms and pantries of relatives, or for sale on Cuba's black market.

But the money and goods also feed Cuba's budding private sector,

the frail backbone of Raúl Castro's plan to move away from Soviet-style communism. For decades after the revolution, Cuba's government controlled *all* businesses and commercial transactions. Everyone had a government job that paid a meager salary. The sale of real estate was banned and all construction tightly controlled: Materials were scarce and red tape endless.

But during the past few months, the state has reduced paperwork, stocked construction stores, and legalized

private contractors. Across Havana, Cubans are repairing crumbling facades and gutting old houses.

Many entrepreneurs say they get capital and supplies from relatives abroad—not just what they bring in their suitcases, but also in large "gift parcels" they're now permitted to ship from the U.S. The tools, tires, Nintendos, cooking oil, and commercial baking supplies sent from South Florida form the bedrock of Cuba's emerging carpentry shops, tire repair places, video game parlors, restaurants, and bakeries.

#### Keeping the Castros in Power?

The stirrings of capitalism come as Cuba is literally falling apart. In Havana, an average of three buildings collapse each day because of neglect, overcrowding, and poor construction. Allowing a private sector to begin building new homes, however, won't make it any easier for most Cubans to afford them, at least for now.

"It's all very well for those who have money or who have a relative abroad; but if not, forget it," says Luis Martínez,

a construction worker. "My son is 18. The only way he'll ever leave home is if he marries a girl who has a house."

Back in the U.S., not everyone thinks forging new ties with Cuba is a good idea. Opponents say sending money and supplies simply helps keep Castro's authoritarian government afloat. Senator Marco Rubio, a Republican from Florida whose parents are Cuban exiles, has called remittances and travel by Cuban-Americans "perhaps the single largest source of revenue to the most repressive government in the region."

But while many U.S. allies have been investing billions in Cuba for decades, the American embargo, which prohibits U.S. businesses from investing there and American tourists from traveling there, remains firmly in place. That's largely because the successful and politically organized Cuban-American community in Florida has lobbied hard to keep up the pressure on the Castro regime.

As the demographics of the Cuban-American community have changed, however, so have views on the embargo.

The estimated 300,000 Cuban-Americans who arrived after the mid-1990s now outnumber aging Cuban exiles from the 1960s, says Jaime Suchlicki of the University of Miami.

Unlike the exiles who fled Cuba in the 1960s and '70s, losing property, family, and their homeland, this younger generation's web of family members in Cuba is strong and wide. So while they oppose the Castro regime and are aware of Cuba's failings, they care more about family than politics or ideology.

Alejandrina Hernández, who has lived in Florida for six years, is part of this new group. When she returns to Cuba, she tells her husband, who's still there, and friends about the delights of ubiquitous air-conditioning and surfing the Web, but also about her long hours working as a chambermaid and the perils of mortgages.

"Cubans are a bit mistaken about what life is like in America," she says. "They don't know how hard it is, how much you have to work. At the same time, you see the fruits of your labor. You come back here and see that everything is falling apart." •





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#### Past, Present & Future?

1. Empty shelves at a government food store in Havana. 2. Old American cars are still ubiquitous on the streets of Havana. 3. As foreign investment increases, more stores, like this Benetton in Havana, have opened. 4. A Cuban-American arrives in Havana from Miami with large bundles.