

Let's make a deal

A Communist island flirts with capitalism

In a nondescript apartment building on a garbage-strewn back street in central Havana, just a few doors from the local branch of the Committee for the Defence of the Revolution, four people have gathered to commit a crime: they are paying to have a meal served to them. In the front room of the apartment where she lives, a middle-aged woman in shorts and a loose tank top brings out shredded cabbage, chilled tap water and plates of rice topped with a gristly piece of ham, placing them on a table set with a white cloth and place mats adorned with The Simpsons cartoon characters. The diners gobble up their simple feast, pay their hostess one U.S. dollar each, and make way for the next foursome, who are already waiting impatiently in the hallway.

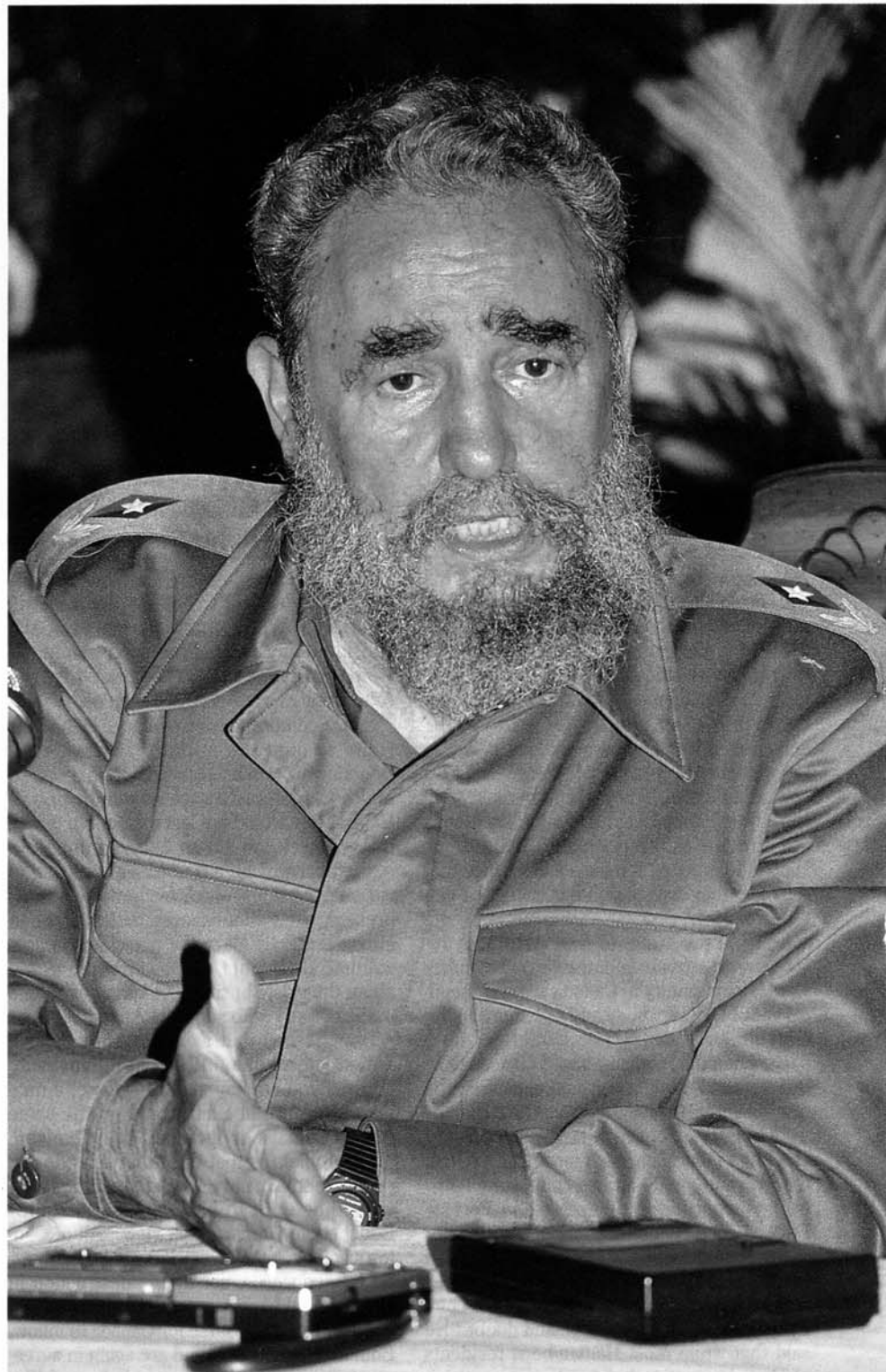
The clandestine home-restaurant, or *paradele*, is one of dozens now operating in the Cuban capital—illegal outposts of private enterprise in one of the world's last bastions of state socialism. Cuba began cautiously trying to reintegrate into the capitalist world's economy in the 1980s, opening its borders to limited foreign investment and tourism. The collapse of the east bloc and the Soviet Union, however, robbed Cuba of 85 per cent of its foreign trade and billions of dollars in annual aid, throwing the economy into crisis and forcing the government to accelerate its economic reform drive. Last summer, Fidel Castro's government introduced measures to legalize the possession of foreign currency and allow limited self-employment. The latter change has spawned thousands of small businesses, from beauty salons to bicycle repair shops. But running a private restaurant remains illegal, punishable by fines of up to \$2,000—and even a prison term.

For most Havana residents these days, a clandestine dinner away from home is what passes for a night on the town. A typical monthly income ranges between 200 and 300 pesos. (The official exchange rate is one peso to the U.S. dollar, but on the black market the peso is worth only about a penny.) Meanwhile, staple foods are tightly rationed and there are shortages of everything from light bulbs to toothpaste and car parts.

A few miles from Havana's teeming centre, however, is another world. In the posh Miramar district, a vast supermarket offers everything from frozen pizzas to Skippy peanut butter, Sanyo CD players and the latest Hollywood movies on video cassette. Payment is in hard currency only, U.S. dollars preferred. Until recently, such luxuries were available

only to foreign diplomats and Communist Party officials. Now, most of the customers belong to the small minority of Cubans who have access to foreign currency, mostly through the tourist trade.

Inevitably, the recent reforms are breeding a new hierarchy of privilege in a state that, 35 years after Castro and his followers staged a Marxist revolution, still regards itself as a model of socialist egalitarianism. "A class division has developed in Cuba between those



Castro: 35 years after his Marxist revolution, private enterprise returns

who have dollars and those who don't," says a Havana office worker who is employed by a European firm. "It disgusts many people." Juan Marie Lois, a director of the Felix Varela Centre, an independent but pro-government think-tank, acknowledges as much. "This was never the aspiration of Cuba's social project," he says. "But when there were two worlds, you could choose which to move in. Now, there is only one, the capitalist world. You can't avoid capitalist methods."

Tourism is a major factor behind Cuba's gradual transformation. Last year, 546,000 visitors (including nearly 115,000 from Canada) came to the island, up from 460,000 in 1992. The tourist trade was worth an estimated \$994 million in 1993, and the goal of the Cuba Tourist Board is to attract \$1.4 billion in 1995. Meanwhile, the government is courting foreign investors more ardently than ever. Dozens of Western and Latin American companies have launched joint ventures. Mitsubishi,

Hoping to build on these trends, the Cuban government hosted a landmark conference last month in Havana that brought together hundreds of moderate exiles.

More important still are the pressures for reform among the 11 million Cubans who remain on the island. Foreign observers in Havana estimate that between 10 and 20 per cent of the population have regular access to dollars—whether in the form of tips in tourist hotels and restaurants, salaries paid by foreign firms, money sent from relatives abroad or earnings on the black market. While few, if any, would be considered well-off by Western standards, they nonetheless have access to goods, services, restaurants and hotels most of their fellow citizens can only dream about.

For the rest of the population, life is a daily struggle. Monthly ration booklets provide Cubans with small amounts of rice, beans, coffee, sugar, soap and other staples at high-

cluding prostitution and theft. Tellingly, the number of Cubans attempting to flee to the West has swelled in the last two years. According to the U.S. Coast Guard, 3,656 Cubans made the dangerous trip across 90 miles of open sea to Florida in 1993, up from 2,557 in 1992. Another 200 or so Cubans claim refugee status every year in Gander, Nfld., a refuelling stop for flights between Havana and Eastern Europe. Castro's own daughter, Alina Fernandez Revuelta, defected to the United States last year.

So far, Cuba's ubiquitous security forces have managed to ensure that the economic squeeze does not translate into open political opposition to the Castro regime. But discontent simmers just below the surface, especially among the young. Since last August, there have been several incidents of stone and bottle throwing and vandalism of government property, mostly in Havana. "I'm working in our famous educational system, others are

working hard cutting sugar cane, and we still live badly," complains a young professor at Havana University. "I make 280 pesos a month. Hotel waiters can make that much in tips in one night." He adds: "I used to admire Castro, but the first job of any politician should be the welfare of his people, and he's not doing that. I used to believe more in the government, but they said all we ever had to do was depend on the Soviet Union. After it collapsed, many people lost confidence in the government here."

Cuban officials respond that the economy hit bottom last year and is now slowly recovering. The government has promised more reforms, but has not an-

nounced any specific timetable for economic liberalization. And while the need for further reform is widely acknowledged, many Cubans would be loath to give up such undeniable post-revolution gains as free universal education and health care. "You have both hardliners and reformers in the government right now," says a Western diplomat with long experience in the country. "There's no consensus within the leadership on exactly what to do, or how far to go towards free markets."

Cuba's leaders are keenly aware that similar economic reforms played a major role in bringing about the collapse of Eastern Europe's socialist regimes. The question now is how long Cuba can preserve its socialist system while encouraging private enterprise, permitting the emergence of a relatively prosperous middle class and allowing its long-suffering people to rub shoulders with affluent Western tourists.

VINCE BEISER in Havana



LEE CEJANO/SABA

Havana residents line up for food: life is a daily struggle for most Cubans

Japan's third largest automaker, is considering opening an assembly plant. Canadian companies are also busy: Delta Hotels Ltd. of Toronto has bought five hotels in eastern Cuba, Calgary-based Canada Northwest Energy Ltd. is involved in oil prospecting and Labatt's beer is widely available in hard currency shops.

American companies are still barred from doing business with Cuba by a 33-year-old trade embargo, but that policy is coming under increasing criticism in Washington. There are even signs of rapprochement between the Castro government and the million or so Cuban expatriates, most of whom live in the United States. (An estimated 5,000 to 8,000 Cubans have settled in Canada.) Although the hardline anti-Castro lobby still predominates, more moderate groups in the United States have recently called for an end to the embargo as the first step towards improved relations with the Marxist regime.

ly subsidized prices. But for many other commodities they must turn to the black market, where traders sell an assortment of imported goods as well as products stolen from state stores and farms. There, a bar of soap costs around 50 pesos—about as much as most Cubans earn in a week.

Lines of people wait in front of the few stores with goods for sale. Gasoline has been in chronically short supply since the collapse of the Soviet Union, which used to trade oil in return for Cuban sugar. The shortage of energy has forced people to get around on bicycles or sporadic buses, and causes frequent power blackouts lasting as long as 20 hours a day. As a result of the power cuts, and dilapidated plumbing, water in some older Havana neighborhoods is delivered by truck and hauled up to apartments in buckets.

Cuban authorities admit that the economic crunch has provoked a surge in crime, in-