

Islands of Capitalism in a Sea of Socialism:
Cuban Tourism and Workers in the Second Economy*

Ted Henken, M.A.

Stone Center for Latin American Studies, Tulane University

Prepared for delivery at the 2000 meeting of the Latin American Studies Association, Hyatt
Regency Miami, March 16-18, 2000.

*The author would like to acknowledge grants from the Cuba Exchange Program of The Johns Hopkins University and from the Cuban Studies Institute of Tulane University which made the research on which this paper is based possible.

It's good the competence this has brought, it's good that these markets and self-employment have taught people a little bit of capitalism...But we have to think of how to do things correctly...Some [of these self-employed] earn more in a day than our honored teachers earn in a month -Fidel Castro (Peters 1997: 5)

Introduction:

As part of a month-long preliminary study of Cuba's tourism industry carried out in August 1999, I traveled to the island's renowned international luxury resort town of Varadero. Unable to stay with my intended hosts due to their fear of being fined for lodging a foreigner, I had to look elsewhere for hospitality. A waiter in a nearby restaurant generously offered to help me find a place to stay. Like a man on a mission, he led me to six different homes, and although renting private rooms is illegal in Varadero (unlike in other areas of Cuba where licenses are available), I quickly discovered that many local families do indeed rent to tourists, despite the risks. I soon found out that my Cuban entrepreneur hosts also ran a private seafood restaurant out of what was to become my bedroom. They were even then in the process of expanding their operation by adding a second floor to their home, all without any effort to conceal these activities from their neighbors. Furthermore, I later discovered that many members of the family were concurrently employed as maids, waiters, or cabbies servicing the exclusive hotels of the resort town. Eventually, I would learn that even the "friendly" waiter was actually paid a \$5 per-day commission for services rendered.

Three central questions immediately arose from this and other similar experiences throughout Cuba that, thus far, have not been answered by the available literature on Cuban tourism or on the island's renowned "second economy". First, does working in Cuban tourism's second economy enable individuals to develop entrepreneurial skills? Second, are workers in tourism's second economy better off than those formally employed in the official tourism industry, and how do benefits differ between licensed and unlicensed workers in the second economy? Finally, can employment in Cuban tourism's second economy create pressure for systemic change and space for the development of civil society on the island? Beginning with the assumption that tourism will continue to play a central role in the Cuban economy in the future, especially given the enormous potential of the U.S. market, this paper explores the consequences of work, formal as well as informal, in the tourism industry. I was especially interested in uncovering and comparing the different strategies employed by tourism workers to maximize their exposure to this source of income and professional development. As Castro hints at above: What kinds and levels of "competence" has the introduction of capitalist markets and self-employment—the "little bit of capitalism"—brought to socialist Cuba? And, what are the micro- and macro-level consequences of such changes?

In order to have a means of comparative analysis with which to approach these questions, qualitative research was carried out in three distinct service-oriented sectors of the tourism industry. Specifically, in the limited time available, employment experiences in the first and second economies of the *lodging*, *transportation*, and *food service* sectors were compared. Formal employment in international tourism *hotels*, as drivers of licensed tourism *taxis*, and in tourism-oriented *restaurants* (all of which charge in U.S. dollars) were compared with work in tourism's "second economy"¹ of *private housing*, *gypsy taxis*, and *paladares* (small-scale, privately run restaurants). Because of recent efforts by the Cuban government to incorporate clandestine self-employment into the official economy, many *quientapropistas* (CPs—self-

¹ See below for a definition and a brief theoretical discussion of Cuba's "second economy".

employed workers) now serve tourists legally with government licenses and must pay monthly income taxes. Thus, in looking at workers in the second economy, both those who pay taxes and those who work illegally without the benefit of a government license were included in the study. Finally, in order to cover two very different tourism sites on the island, the study was carried out in Havana (the country's capital where self-employment is legal and widespread) and Varadero (its most developed tourism growth pole where self-employment is also widespread, if illegal).

Tourism and the Second Economy – Past and Present:

Tourism is nothing new to the island of Cuba. Prior to the 1959 revolution, Cuba was easily the most popular Caribbean getaway for American tourists. Following the revolution, however, the island's place as an important tourist destination was abruptly and deliberately reversed. Revolutionary ideology scapegoated tourism, implicating it as a bankrupt industry that subordinated the island's economy and political system to the whims of foreigners. The best example of the conversion of tourist facilities from foreign to Cuban use is the famous *Havana Hilton* which opened its doors in March 1958, just months before the triumph of the revolution. Its revolutionary name *Hotel Habana Libre*, survived as a proud symbol of Cuban independence until the late 1990s, when the French hotel group Tryp, which now collects 50 percent of its profits, tellingly rechristened it the *Hotel Habana Libre Tryp*.

Any understanding of the current Cuban reality, of course, must begin with the changes the collapse of the Soviet Union and the subsequent imposition of the "special period" have brought to the island. During the years 1989-1993, foreign trade declined by 92 percent and the island's Gross Social Product (similar but not precisely equivalent to GDP measure) fell an estimated 40-50%, displacing nearly 20% of the island's labor force. Finally, the minimum wage shrank to an astounding \$2 a month in real buying power, with monthly pensions worth just over \$1 on the black market (Mes-lago 1994). President Fidel Castro declared a "special period in peacetime" to begin on August 30, 1990, a time when to survive, preserve socialism, and "save the revolution", Cubans would have to make major sacrifices as if under siege of war. Cubans experienced severe energy shortages, massive reduction in public transportation, the expansion of food rationing, and the disappearance of even basic products. Cuba's touted social services were negatively affected as vital medical and school supplies became virtually nonexistent. Cuban industry and exports also declined; the essential sugar crop dropped by half from 8.4 million tons in 1990 to a mere 4.2 million three years later. The island was forced to look to other areas to bring in foreign exchange.

Tourism has rapidly become the island's number one "export," recently pulling ahead of both sugar and hard-currency remittances. Tourist visits to the island have grown from a mere 300,000 in 1989 to an estimated 1.7 million this year and the number of hotel rooms jumped from 5,000 in 1987 to over 30,000 in 1999. Two million tourists are expected in 2000, an estimate that does not include the tremendous effect an end to the U.S. travel ban would have on the number of foreign visitors. Ironically, the defiant nation that had once scoffed at foreign investment from the capitalist West, is now forced to compete vigorously for hard-currency investment and aggressively seek out partners for joint-ventures in tourism projects. "Who would have thought," Castro asked in the summer of 1993, "that we, so doctrinaire, we who fought foreign investment, would one day view foreign investment as an urgent need?" (Pérez 1995: 404).

Though not new on the Cuban scene, Cuba's second economy has also expanded

significantly during the last decade. In fact, there is a consensus among government officials, analysts on the island, and scholars abroad that as the official, first economy has entered a major crisis since the early 1990s, the unregulated, second economy has exploded in scope and size (Pérez-López 1995). The size of the second economy during the first years of the special period, according to economist Pérez-López, is indicated by the growth in self-employment which expanded from 25,200 in 1989 to the official figure of 200,000 licensed CPs just two years later.² Cuban economists have estimated Cuba's black-market transactions at 2 billion pesos in 1990, as compared to the 10 billion pesos in retail sales for the same year. More telling, however, is the fact that by 1992 the black market had expanded to 14 billion pesos in revenue, while the first economy shrank to 7 billion. A final indicator of the growing economic importance of Cuba's second economy is the government's attempts to legalize and incorporate it into the official, first economy. For example, on the 40th anniversary of his attack on Moncada in July 1993, Castro legalized over 100 kinds of self-employment, depenalized the holding of foreign currency, re-opened farmer's markets, cut subsidies to many state companies, and laid off thousands of workers (Peters 1997: 42).

Theoretical discussion:

As recently as 1981 theoretical discussions about and distinctions between the “informal,” “underground” (Alessandrini and Dagallo 1987; Tanzi 1982), and “second” economies were still tentative and largely inconclusive. Since its origin in Keith Hart's story about small-scale business in Ghana in 1972 (ILO 1991), all that could be consistently agreed upon was that the “informal sector” was a phenomenon peculiar to Least Developed Countries (LDCs) (Portes and Walton 1981; Tokman 1990). Contradicting this preliminary conclusion, however, Portes led a multi-country comparative study of the informal economy (Portes, Castells, and Benton 1989), updating the definition of the informal economy and delineating a number of its common characteristics across different world regions (see also Portes and Borocz 1988; Tokman 1978, 1990; Sik 1992; Los 1990; Jagannathan 1987). They found that such a phenomenon exists to different degrees not only in LDCs but also in advanced capitalist economies of the West and in centrally planned economies (CPEs). Effectively, this landmark study “revealed the global scope of what was originally thought to be an exclusively Third World phenomenon” (Portes et al. 1989: 2). Furthermore, Portes and his colleagues found that the informal economy seems to have increased significantly in size and scope since the early 1970s, and their study challenged the common presumption that the only economy worthy of sustained and systematic study was that reflected in official statistics.

Despite a number of major disagreements among scholars about the particular causes and entrepreneurial potential of unregulated economic activity, there is consensus on a few of its central characteristics. First, most scholars subscribe to the definition employed by Portes et al. (1989), which characterized informal activity as sharing one central feature: “it is unregulated by the institutions of society, in a legal and social environment in which similar activities are regulated” (Portes, et al. 1989: 2). And, more specifically, such informal activities can be defined as: “the unregulated production of otherwise licit goods and services” (Portes, et al. 1989: 15). Second, whatever label applied to this unregulated economy, there is agreement that such income-generating activity is *process*. In other words, as de Soto has written, “Individuals are not informal; their actions and activities are” (1989: 12). Third, rejecting common negative assumptions about unregulated activity, Portes and de Soto also agree that the

² See Peters and Scarpaci (1998) for further elaboration on the growth of self-employment in Cuba during the 1990s.

informal economy is not simply the set of different activities performed by destitute or “marginal” individuals in order to survive .

Third, strong evidence has been found in many different contexts indicating that the informal economy is in fact intimately linked to the official economy, each comprising different sectors in the same interdependent economic system. Fourth, despite important exceptions, labor in the informal economy tends to be “downgraded.” In other words, workers in this sector can expect less rewards and protections than they would normally receive if formally employed, a characteristic that leads to the systematic use of undocumented, ethnic-minority, female, and child labor in the informal sector. Finally, the informal sector is commonly characterized by a government attitude of tolerance despite its illegal or unregulated nature. This ironic acquiescence can be understood as a government strategy intended to address inefficiencies and periodic crises such as unemployment in the regulated economy. With specific reference to CPEs, Pérez López has noted the inherent links between the official and “second” economies, observing that “the second economy arises as a result, and addresses the failures of, the official economy” (1995: 25) .

Grossman began giving systematic scholarly attention to the unregulated economic activity common in CPEs as early as 1977, with a seminal article on what he then termed the “second economy” of the Soviet Union. In that article and in other places since (Grossman 1982; 1987), he set down a working definition of the “second economy” as those productive activities which meet at least one of the two following criteria: (1) they are to a large extent carried out in knowing violation of existing laws, and/or (2) they are directly engaged in for private gain (Grossman 1977: 25; 1989: 168; Pérez López 1995: 13). Thus, the key difference between the “informal” economy as it exists in underdeveloped regions of the third world, and the “second” economy as applied to CPEs is one of legality vs. control. In other words, the “second economy” expands the concept of informality to include not only economic activity that is illegal or unregulated by the state, but also all profit-driven activities (legal or not) which by definition contradict the socialist ideal .

Both Portes and Borocz (1988) and Los (1990) echo this basic distinction between informal and second economy activities. In their comparison of the functioning of the informal sector under capitalism and state socialism, Portes and Borocz argue that in both systems informal activity is that which takes place “outside the scope of public regulation” (1988: 17, my emphasis). However they recognize that because informal activity in CPEs defies “the channels of central planning and direct state control” (1988: 19) it becomes a terrain of political struggle per se. In her attempt to put specific definitional limits on the second economy, Los rejects exclusively legal criteria as too narrow and moral criteria as too relative. Furthermore, she argues that quantitative definitions of the second economy are spuriously based on the assumption that ‘that which cannot be counted does not exist or should not be studied’. Like both Grossman and Portes and Borocz above, she opts instead for an ideological definition: “the second economy includes all areas of economic activity which are officially viewed as being inconsistent with the ideologically sanctioned dominant mode of economic organization” (1990 : 0 2). Therefore, this ideological criteria would specifically include formally legal but ideologically suspicious activities such as licensed self-employment, an important distinction for the Cuban second economy where licensed *cuentapropistas* struggle alongside clandestine self-employed workers .

Benefiting greatly from the new perspective gained from market transitions underway since at least 1989 in many formerly Marxist states, many other scholars have since joined

Grossman in the study of the second economy in CPEs (Los 1990; Portes and Borocz 1988; Sik 1992; Perez-Lopez 1995). In her edited collection of studies of the second economies in ten once Marxist states, Polish sociologist Maria Los (1990) makes a valuable comparison between the most studied examples of the second economy (the USSR, Hungary, Poland, Romania, and Yugoslavia) and other non-western Marxist states (Cuba, Nicaragua, Angola Tanzania, and China). Such a comparison is aimed at corroborating previous findings about the second economy based almost exclusively on Eastern European experience. In essence, the study asks: Do the preliminary findings about the second economy in Marxist states hold true across nations with very different national histories and economic, social, and cultural realities? Her conclusion, based on the ten country case-studies, is that despite significant historical differences, these countries' "ideological definitions of what constitutes the first and second economies appear sufficiently similar to make a claim of comparability across the nations studied" (1990: 194).

Reflecting on the findings of the ten case-studies, Los describes a detailed four-stage process of the development of Marxist states and their changing effect upon and reaction to the (inevitable) second economy. A 'radical transformation stage' where the preexisting order is rapidly replaced by fairly extreme manifestations of Marxist economic and political organization is followed by a 'monopolization period'. It is during this second period that the second economy begins to rear its dynamic head, quickly spreading into all sectors and levels of the economy. 'Red-collar crime' or corruption of high-level economic elites (the *enomenklatura*, a word used to describe such individuals in both Russia and Cuba) becomes common and illegal entrepreneurship within the state economy is fairly widespread. Extensive black markets form and the usually small, legal private sector turns increasingly to the black market for inputs since it is often their only reliable supply source. An illegal underground economy begins to flourish because individual non-involvement simply means grave economic disadvantage, as the provisions of the official are insufficient. Finally, a network-based informal second economy begins to grow where only the availability of special 'connections' and 'back doors' enable individual and household survival. (In Cuba, this system of personal networks has acquired the appropriately sardonic name '*socio*'ismo, a *socio* being the Cuban equivalent of 'friend' or 'associate').

The third stage common to all ten CPEs in the study is the 'reformist stage' where government officials react to the problem of low productivity by (1) enacting internal reforms of the state economy, and (2) legitimizing or legalizing certain parts of the preexisting second economy. Internal reforms normally include creating state enterprises which react to the consumer market and seek profits, as well as seeking out foreign investments under central planning. Bringing parts of the second economy under state regulation allows for greater state control of self-employed workers, profit sharing through taxes, and takes pressure off of the first economy to provide full employment to all citizens. (Both of these types of reforms have already taken place in Cuba as will be briefly described below). 'Post-reformist decadence', the final stage described by Los (one which has come to pass in nine of the ten case-studies, excepting Cuba) occurs when these economic reforms have all run their course and been found wanting. This is followed by a transition to a mixed economy and an often forced marriage of state and market economies. Los concludes her study with the important observation that unlike the informal economy in capitalist states (which neither constitutes viable competition for the formal economy, nor poses a threat to dominant economic relations), the second economy in Marxist states is serious economic and ideological competition for the first economy, and as her

four-stage model indicates, a long-term threat to the part-state economy. While conservative about any specific predictions, Portes and Borocz come to much the same conclusion :

[T]he second economy makes a considerable impact on political mechanisms under state socialism: it creates an avenue for civil society to manifest itself as distinct from the state, thus offering a short-term and individualistic, but nevertheless real, alternative to a politically controlled plan-command economy. (1988: 26)

In contrast to Los, the Hungarian economist Endre Sik (1992) has looked specifically at the transformations of the second economy within his own country as it undergoes a transition from a centrally planned to a market economy. In tracing the move from the second to the informal economy, Sik seeks to provide answers to the following questions: (1) How has the transformation from a CPE to a market economy affected the second economy?, and conversely (2) How has the second economy influenced the transformation process? Regarding the first question, Sik has found that the transition has made the distinction between the first and second economies meaningless, as the second economy has largely been replaced by a significantly larger informal economy with many new characteristics. Besides being larger in size, Hungary's informal economy is distinct from the previous second economy in its higher levels of income inequality and increased regional economic disparities. Furthermore, the informal sector is more internationalized in its transactions and requires a full-time commitment from its workers in contrast to the national and second-shift character of the second economy. While not attributing the transition itself to the growth of the second economy, Sik does grant that the impact of the second economy on the transition has been considerable. He has found that while the second economy 'lubricated the wheels' of the state sector, it also distorted their functioning (1992: 170) by implicating all levels and sectors of the first economy in routinized illegality and corruption. A whole society engaged in short-term profit maximization had the unintended consequence of creating a nationwide subculture of favor networks and loopholes that has made difficult the formation of an efficient, responsible, tax-paying workforce in a market economy. Hungarian workers learned to distrust the system and looked at state-imposed controls with hostility, while they developed mutual trust and support amongst themselves; an inversion of the capitalist ideal. However, Sik maintains that the existence of a well-developed second economy in Hungary did allow for a relatively non-violent transition. In essence, these workers had developed valuable social networks, accumulated capital and made significant investments to the extent that come a transition, "they had more to lose than their chains" (1992: 173) .

Building on this fresh yet tentative research on second economies around the world, Perez-Lopez (1995) has applied the concept of the "second economy" directly to the Cuban case during the "special period". Like Grossman (1977) and Los (1990) before him, Perez-Lopez makes the important observation that the critical criterion in his own definition of Cuba's second economy is "control" rather than "legality". In other words, he understands the second economy concept as appropriate for Cuba because it includes "all those economic activities which are inconsistent with the dominant ideology that shapes the official ('first') economy" (1995: 14), not simply those which have been officially outlawed. Furthermore, Perez-Lopez contends that the "second" economy concept fits the Cuban context better than that of mere "informality" since in Cuba the rise in individual entrepreneurial activity takes place in a political context where societal gain is preferred over private gain. Therefore, he also distinguishes the second economy from the somewhat broader concept of the informal economy as it captures "all forms of

deviations from the model of a socialist command economy” (1995: 13)³. It is this particular understanding of the second economy that I will employ in my study of Cuba.

Cuba’s Second Economy: Between Repression and Legalization

[I]nformality is so widely present under existing forms of *state socialism* that any inquiry into the actual economic, social, political, and even cultural processes of the supposedly “centrally planned economies” is bound to be misspecified unless it takes into consideration the socialist informal sector. (Portes and Borocz 1988: 17)

Those few researchers who have published on Cuba’s second economy (Pérez-López 1995; Ruisánchez 1998; Rivera 1998) and the even fewer whose work is based on original research carried out on the island (Michalowski and Zatz 1990; Scarpaci 1995; Peters 1997, 1998abcd, 1999; Peters and Scarpaci 1998; Malinowitz 1998) raise many provocative questions that indicate why further study of Cuba’s second economy is important. First, because it operates outside the realm of government control, Cuba’s second economy may pose a threat to the state monopoly of central economic planning on the island (for examples of this in other national contexts, see Nee and Young 1991; Sik 1992; Cross 1998). Second, while the state’s response to the second economy has alternated over time between repression and benign neglect, in the last decade the Cuban government has moved increasingly to incorporate and accommodate parts of it by strengthening its articulation with the official economy and instituting licensing requirements. Examples of greater articulation include the promotion of joint ventures with foreign investors (largely taking place in hard currency) and the establishment of service corporations that operate somewhat independently of the state (Cubanacán, Gaviota, and Gran Caribe are major examples in the area of tourism). Parts of the second economy have been incorporated into the first economy by legalizing self-employment in the housing, transportation, food service, and many other sectors, as well as the depenalizing the possession of foreign currency by Cuban citizens (Peters and Scarpaci 1998; Malinowitz 1998). Therefore, besides its significant size and dynamism, and its obvious role as a complement and corrective to the first economy, it is worth asking whether Cuba’s second economy can potentially hasten a transition to a market economy given its role as a reservoir for entrepreneurial talent and professional development.

Systematic study of Cuba’s second economy is critical at present because its effects during a transition to a market economy are not unequivocally positive. As indicated above, some Eastern European transitions indicate that an active second economy can create space for the development of individual entrepreneurs, increased production, new products, an expanded service sector, the accumulation of private capital, and even the creation of new jobs. At the same time, however, Sik’s study of Hungary (1992) indicates that unregulated economic activity, especially in its more illegal forms, can socialize its participants in criminality, leading to an increase in crime and corruption that could hold over after a market transition. Furthermore, some forms of second economy activity such as the appropriation of state wealth by elite bureaucrats for private enrichment can lead to gangsterism and increased inequality during transition periods. The functioning of a new transition government could be seriously impaired through the withholding of resources from the state through nonpayment of taxes, fees, licenses, etc. (Pérez-López 1995: 170-182).

³ See Michalowski and Zatz 1990 for a significantly different assessment of Cuba’s second economy before the advent of the “special period”. As their research was carried out between 1987-87, their insightful analysis and conclusions hardly apply anymore to a Cuba irrevocably changed since 1990.

Commenting on the role of the second economy in the transitions of the CPEs of Eastern Europe, it has been suggested that by offering alternatives for work outside the state sectors the second economy empowers workers and pressures the first economy to change (Portes and Borocz 1988; Peters 1997). Furthermore, Pérez-López posits, “The second economy creates an avenue for civil society to manifest itself as distinct from the state, providing a short-term, individualistic alternative to a politically controlled planned command economy” (1995: 172-175). Despite the suggestive value and provocative character of these ideas, they are not based on extensive, primary research conducted in Cuba. Nobody has carried out extensive research on the island to see whether these theoretically guided assertions are observable in a systematic way within Cuba’s second economy⁴. In fact, a major debate within the now extensive literature on unregulated economic activity in Latin America is precisely over its supposed potential for aiding individuals in capital accumulation, skill development, and upward mobility and in the transformation of larger social relations. Some have celebrated the informal economy as an ‘invisible revolution’. De Soto, for example, sees the informal economy as a grass-roots solution to underdevelopment and poverty in the region, calling Peru’s informal economy, “the most important rebellion against the status quo ever waged in the history of the country (1989: 13). According to him, its revolutionary potential is due precisely to the fact that it takes place outside the bounds of an archaic and repressive state apparatus, having the immediate effect of turning “a large number of people into entrepreneurs” (1989: 243).

Others, however, have been much more guarded in their approach to informality in Latin America. “Instances of informal economies of growth,” argue Portes and his colleagues, “are clearly exceptional and do not justify the celebration of ‘flexible specialization,’ enclave economies, or small-scale export production as generalizable solutions to economic underdevelopment” (1989: 302). This finding was confirmed again by Portes in a more recent, Caribbean-wide study of urban informality that concluded that, though some instances of an “informality of growth” do exist, they are an exception to the overwhelming rule of microenterprises run by self-employed individuals with little capital outside of self- and family-exploitation (Portes, Doracabral, and Landolt 1997: 23-244). Portes, nevertheless recognizes the special nature of second economies in CPEs. “In command economies,” he says, “informalization is ironically a tool in the hands of urban workers and peasants to confront the all-powerful state. In certain national instances... the informal economy has proven strong enough to compel state managers to gradually yield to its logic” (1989: 308). For these reasons, this study will seek to contribute to this ongoing debate by focusing on workers in Cuba’s second economy, seeking to assess the specific impact of employment in the tourism industry on their lives.

How Cuban Tourism has been Studied

The study of tourism in Cuba is quite new. Prior to the breakup of the Soviet Union, few scholars could have imagined the extent of Cuba’s severe economic crisis of the 1990s. Nor could they have imagined the rapidity of the development and expansion in tourism to compensate for the sharp decline in sugar prices and unavailability of petroleum. Several people have conducted research to answer macro-level questions looking at the history of Cuban

⁴ While Michalowski and Zatz (1990), Peters and Scarpaci (1998), and Malinowitz (1998) have all done very suggestive preliminary survey research and interviews among *cuentapropistas* in Cuba, sustained, rigorous, and systematic research which allows comparison across different employment sectors and geographical regions is still lacking.

tourism (Schwartz 1992; Villalba Garrido 1992), costs and benefits of tourism as a national development strategy (Espino 1993, 1996; Pozo Fernández 1992; Martín Fernández 1988; Hall 1992; Martin and Phillips 1997), or on Cuba's position as a part of the Caribbean tourism economy (Cotman, 1999; Pattullo 1996). A number of others have focused on the negative impact of tourism for Cuban women (McClintock 1992; O'Connell 1994; Strout 1995; Facio 1999) or the development of special niches of tourism (Hollander 1986, 1997; Oswald and Henthorne 1999).

None of these studies, however, looked at the changes at the micro-level of how workers' lives, skills, and earning capacities were being enabled or constrained by their participation in either the formal tourist industry or the several "second economy" jobs and services that flourish around areas where tourism is concentrated. It is also interesting that none of the studies, thus far, has quantified in macro terms the new employment generated directly as a result of tourism (in both formal and informal sectors). Nor has anyone asked how it may differ from one geographic region of Cuba to another.

Tourism and the Second Economy – Contradictions, Consequences, and Challenges:

In my brief study of the second economy of tourism, I uncovered five main contradictions that characterize its functioning in Cuba today: dollarization; the 'inverted pyramid'; the phenomenon of tips; fees, taxes, and sanctions; and, what may be thought of as the paradox of short-term system survival vs. long-term system threat posed by the second economy. Though tourism brings many benefits to the island as a whole, and though unregulated economic activity is the lifeblood of survival for many Cubans, tourism development also involves many, significant negative consequences. It is my contention that confronting the following contradictions constitutes major challenge for Cuba, now and into the future.

1. Dollarization:

In August of 1993, on the 40th anniversary of his abortive assault on the Moncada barracks, President Castro announced the depenalization of the holding of *divisas* (foreign currency, i.e., U.S. dollars) by Cuban nationals. While this move only legalized the existing reality of a well developed black market trade using dollars, it has had many repercussions throughout Cuban society. The dual economy, which had existed for years, came out into the open. Characterized by greater access to scarce goods for a limited portion of the population coupled with growing levels of inequality and crime, the dual economy rewards those with access to dollars (hotel waiters, tourist cabbies, relatives of *émigrés*, etc.) and punishes those who earn only in *moneda nacional* (MN – Cuban pesos). Wage differences are significant as an average monthly salary in MN is between \$ 9-\$15 USD, while a tourist cabby can earn that much in tips in a single day.

Another significant consequence of Cuba's dual economy is that it has exacerbated the already growing unequal access to goods and services. The proliferation of dollar stores (popularly known as *la shopping* and previously called *diplotiendas* due to their previous restricted use by diplomats), has provided some Cubans access to scarce foods, domestic products, and consumer goods, while many others are forced to survive on the meager offerings at the state markets (*la bodega*). An intermediate market, called farmers' markets, was also legalized in 1993, allowing farmers to sell their excess produce on the open market in MN. Though these markets are normally more affordable than the dollar stores meeting the food needs of many less affluent Cubans, their prices are quite high relative to the subsidized state markets.

2. *The inverted pyramid:*

Due to the economic crisis of the 1990s, high levels of education and skill do not necessarily translate directly into higher wages or even provide a livable income. Many of the most educated, qualified, and talented citizens such as doctors, engineers, university professors, diplomats, etc., earn significantly less per month than others who have opted to abandon their professions for work in the tourism industry. Thus, the usual skill-income hierarchy which would reward the most talented workers with higher incomes, has been inverted resulting in the loss of trained professionals to low skilled, but lucrative areas such as hotel, transportation, and restaurant employment. The Cuban government has recently responded to this problematic contradiction by restricting doctors and other professionals to working in their areas of expertise and not allowing them to emigrate before a fixed period of service.

3. *The phenomenon of tips:*

In a dual economy where the average monthly salary in MN is between \$ 5–\$15 USD, even a meager amount of tips earned in USD can quickly make one's peso salary insignificant. Furthermore, those without access to tips in *divisas* can find themselves living in a different reality of scarcity and relegated to the margins of the economy. During my month-long stay in Cuba, I interviewed an articulate tourist caddy (his license allowed him to serve only foreign tourists paying in U.S. dollars) who indicated that his monthly tips normally amounted to between \$250–\$350 USD, dwarfing his \$12 per month salary earned in MN. I also interviewed a number of hotel employees who indicated that differential access to tips can create tension and unequal income levels even within Cuba's exclusive international hotels. Jobs that provide fairly constant access to hotel guests such as doorman, waiter, and maid afford their holders with a steady income in tips apart from their peso salary, while other areas of employment like reception, public relations, administration, etc., provide almost no opportunity for tips. In my interviews, I found that some hotels have instituted a tip-sharing program where theoretically all tips are put into a common fund and then divided among all employees equally. My interviewees, however, laughed at the idea that those with direct access to tips would report their gratuity earnings honestly. For example, it was estimated that a waiter/waitress earning \$10 in tips in an afternoon might report having earned \$2 and keep the \$8 for him or herself.

4. *Fees, taxes, and sanctions:*

During many of my interviews and casual conversations in Cuba, I was repeatedly met with the following explanation of the island's second economy "*En Cuba todo es prohibido, pero todo se hace*", (in Cuba everything is prohibited, but everything is done). Thus, while a significant segment of Cuba's underground economy has been legalized and incorporated into the official economy through fees, taxes, and licensing requirements, much activity remains beyond government control and many Cuban entrepreneurs opt not to seek out a legal license for their clandestine activity. The question arises as to the purpose of government restrictions, taxes, and licensing requirements. While legalizing formerly unregulated economic activity allows the government to reduce inequalities through taxes and fees (revenue theoretically shared with the population at large), such a strategy also allows the government to track CPs and control their activities. Legalization also allows the government to benefit financially from economically significant transactions that once took place beyond its reach. Finally, licensed CPs are easily targeted when the state decides, as it periodically has in the past, that such activity should be restricted or eliminated altogether. My own and other studies (see Peters and Scarpaci 1998)

have found that many clandestine CPs have decided to postpone applying for a state license precisely because they fear such an open declaration would make them potential targets in future capitalist purges .

Another distinct possibility behind the new license requirements for CPs is that their aim is simply to prohibit such activity by taxing it at such a high level as to make it unprofitable. In my interviews, many clandestine CPs who rent out rooms to foreigners justified their reluctance to obtain a license by explaining that doing so would be prohibitively expensive. One frustrated Havana resident who periodically rents out a spare bedroom in her home explained that she would have to pay a \$100 USD registration fee coupled with a \$250 USD monthly rental tax to the government regardless of occupancy. She argued that she would have to dedicate herself to finding renters on a full-time basis in order to have enough occupants just to break even. One licensed CP in Santiago who I interviewed described her fear at not having enough residents to pay the \$200 monthly tax required of renters in that city. She has come to have to rely on middle-men (whom she pays \$5 per day) to bring her renters from the train station in order to keep her residence full during the low season. Also, she has resorted to illegally serving meals to her guests at extra cost in order to augment her income, enabling her to pay the monthly tax .

5. *Short-term system survival vs. long-term system threat:*

According to a number of those interviewed, government restrictions and licensing requirements often times function as a “Sword of Damocles” that the state can enforce when in its interests and with which it can control the desperate and needy population. Some of the independent journalists with whom I spoke in Havana explained this seemingly illogical government policy of alternating legalization and increased restriction on self-employment as understandable as a government policy of retaining absolute control over economic activity on the island. These Cubans reasoned that the government would allow only that level of independent economic activity that would address scarcities and inefficiencies in the first economy, yet restrict activities when they began to threaten centralized control. This, however, is still an open question. The previous experiences of Eastern Europe indicate that a government cannot absolutely and indefinitely control second economy activity. While government policies of benign neglect and limited legalization of the second economy can grease the rusty wheel of a centrally planned economy in the short run (allowing individuals to “resolve” their many consumption problems and ironically enable the continuance of the system as a whole), in the long run such activities have been known to pose a significant threat to top-down control of both the economy and polity .

I will now reflect on two of the three primary sectors of the informal tourism “industry” mentioned above, hinting at the presence of each of these five contradictions in the process. The two sectors described here are housing (*casas particulares*) and food service (*paladares*). A third category, which I loosely call “personal services” (*jinetismo* – jockeying or hustling tourists), will not be included here, although it is quite visible and widespread throughout the island. Areas of activity in this category can include work as an informal tour guide. Housing and *paladar* middlemen who work on commission operate across the island linking tourists with proprietors for an understood fee. Of course, there is also the well-known activity of social/sexual accompaniment, which could include anything from simple companionship, to the provision of food, clothing, entertainment, and/or sex, eventually including an ongoing relationship and even marriage and emigration in some cases .

1. Housing (*casas particulares*):

A recent article from Cuba's fledgling independent press estimated that as much as 35% of Cuba's tourists stay in private homes and that an estimated 200,000 tourists had lodged in such homes in the first six months of 1999. The article indicated that Cuban authorities are becoming concerned about the loss of tourism revenue to the second economy and reason that they cannot adequately 'protect' tourists who stay in private homes. It is worth asking whether the government also wants to 'protect' Cubans from the 'corrupting' influences increased exposure to foreigners may bring. The article also quoted a government official who indicated that rising levels of bribery and corruption are also worrying regulators of self-employment activities, "There is a limited confidence in the capacity of government inspectors to resist the bribes of the proprietors" (Zuniga 1999a). Another way the government attempts to control the economic impact of private lodging is to require all foreign visitors to make hotel arrangements for at least their first three nights in Cuba in order to obtain a tourist visa. Furthermore, though "staying with friends" seems to be technically legal (after going through a humiliating, bureaucratic, and costly (\$40 USD) registration procedure according to one informant), in my experience even those Cubans who had legitimately invited friends visiting from abroad to stay with them were fearful of receiving a surprise visit from a housing inspector and having to pay an exorbitant fine.

Those who opt to register their private homes and pay the requisite monthly taxes must face the following criteria: Havana proprietors must put up \$100 to register and pay a \$250 per month tax which can increase depending upon the number of rooms registered and whether food is served. In Santiago, a lesser monthly tax of \$200 has been instituted due to the lower numbers of tourists who visit the eastern part of the island. In provincial capitals such as Las Tunas, proprietors must pay only \$100 per month, while in Varadero renting private rooms is illegal and no licenses are issued for such activity. On the other hand, clandestine proprietors, seemingly very common in both Havana and Varadero, run the risk of being made to pay a fine of \$1,500 USD if detected. My own experience is that such a harsh penalty is rarely enforced as all parties stand to gain by sharing the wealth of the incoming tourist dollars. The proprietor of the home in which I stayed in Varadero indicated that she did in fact 'share' her earnings with the housing inspector, a fact evident from her failure to hide her illegal operation from public view. When I checked in, however, she did ask that I not draw unnecessary attention to her operation by returning at night with prostitutes and the like.

2. Food service (*paladares*):

A recent closed-door meeting of the Communist Party and the Assembly of People's Power focused on Havana's *paladares*. It seems party officials are increasingly worried about the fierce competition these eating establishments are posing for the state run and tourism restaurants. Official numbers place the city's food service and tourist restaurants at 12,416, while there are only 466 legally recognized *paladares*. Officials cited an increase in legal violations where restaurateurs have served prohibited products (meats and seafood) and charged patrons in dollars without government permission. Proprietors have also been accused of hiring employees outside the nuclear family and expanding their operations beyond the legal limit of 12 patrons. According to Cuban law *paladares* should be strictly family businesses with maximum seating of just 12 patrons. Furthermore, they are authorized to charge only in *moneda nacional* unless they have obtained a specific license to charge in dollars, with the condition that all taxes are also paid to the government in dollars (Zuniga 1999b).

Outside the *paladares* and the small variety of state-run and tourist restaurants, food distribution in Cuba is determined by a three-tiered structure:

La bodega: These stores are reserved for Cuban nationals who must use ration card (*libreta*) to purchase their food. The prices are paid in pesos and subsidized by the government. The bodegas are characterized by severe scarcity, little variety, and extreme uncertainty over deliveries and availability.

Farmer's markets: These markets are run by farmers who grow produce for the state and sell their excess in these markets. Prices are in pesos but very high for the average Cuban. One is permitted to buy as much as one can afford. There is a relatively wide selection of foods but very few luxury items are available. These *agropecuario* markets were allowed during the first half of the 1980s, eliminated in the 1980s *rectificación* campaign, and allowed to reopen in 1993.

La Shopping: These "dollar stores" have a wide and abundant selection of foods. By definition, all items are paid for in dollars or "convertible pesos". These establishments are run by the government and prices generally range from 5-100% of US prices for most goods, while some scarce goods can be as much as 150-200% of normal U.S. prices. While access is limited to those with dollars, in my personal experience Cuban nationals are their most frequent patrons. Cubans who work in the tourism or a related industry (allowing access to foreigners) those who receive remittances from abroad, and others such as diplomats, artists, musicians, etc., who frequently travel abroad are the principal patrons of these "dollar stores".

Conclusion:

Tourism generally has not been considered an "important" area of academic or policy interest, especially when compared to other major Latin American industries of national development such as coffee, sugar, petroleum, and tobacco. However, in recent years tourism has come to play a very similar role in the economies of many Latin American nations that those key exports have played in the past. Indeed, tourism in Cuba has bypassed sugar and cash remittances becoming the island's biggest earner of foreign exchange. The economic importance of tourism now assures that whether under a modified form of socialism or in a fully fledged market economy, tourism is sure to continue to exercise a dominant developmental role on the island.

One of the questions left unanswered, however, is whether Cuban workers can empower themselves through their exposure to this "island of capitalism," preparing themselves for the future. A related question is that of the impact increased tourism is having on the ground in Cuba. Beyond access to forms of private income, exposure to the island of capitalism that is the tourism industry is sure to have a significant psychosocial impact on individual Cubans. Money changes hands, but person to person interaction also allows ideas, information, and culture to be exchanged. Lessons from other contexts about the role of the informal economy (Latin America) and the second economy (CPEs) in producing entrepreneurial development, individual mobility, and microenterprise growth, as well as pressuring for larger systemic change, make similar activity in Cuba an important indicator of social change. However, the conclusions about the second economy garnered from other national contexts have not been consistent or generalizable. Simultaneously bemoaned as a "last resort" and celebrated as the "bridge to the future," Cuba's second economy has not yet been subjected to the rigorous, in-country study required before this debate can be resolved. This research project has sought to begin just such a process. The transition experiences of the formerly socialist countries of Eastern Europe indicate that the

contradictions of Cuba's second economy could lead to greater conflict and socio-economic inequality during a future transition to a market economy. In my own preliminary research in Cuba, however, I have found a thriving and growing (if periodically frustrated) private sector which is enabling individuals to develop entrepreneurial skills and accumulate capital. Furthermore, it seems that those who opt not to obtain a government license at least in the housing and food service sectors benefit to a greater degree from self-employment than do those who have declared their private activities and pay taxes. More study and systematic research over a longer period of time is needed, however, to confirm these preliminary findings and to approach the larger question of the second economy's effect on systemic change and the development of a civil society in Cuba.

Bibliography

- Alessandrini, Sergio and Bruno Dallago, eds. *The Unofficial Economy: Consequences and Perspectives in Different Economic Systems*. Aldershot, England: Gower, 1987.
- Blanco Godínez, Félix. "Cuba's Tourism Industry: Sol Meliá as a Case Study" *Cuba in Transition (ASCE)*, Volume 8 (1998): 50-58.
- Cotman, John. "Cuban Tourism and the Niche market of health tourism," in *Global Development Studies*. Eloise Linger and John Cotman, eds. 1999.
- Crick, Malcolm. "Representations of International Tourism in the Social Sciences: Sun, Sex, Sights, Savings, and Servility," *Annual Review of Anthropology* 18, 1992.
- Crespo, Nicolas. "Back to the Future: Cuban Tourism in the Year 2007" *Cuba in Transition (ASCE)*, Volume 8 (1998): 42-49.
- Cross, John C. "Co-optation, Competition, and Resistance: State and Street Vendors in Mexico City." *Latin American Perspectives* 25:2 (March 1998): 4-161.
- Dagallo, Bruno. *The Irregular Economy*. Aldershot, England: Dartmouth Publishing Company, 1990.
- de Kadt, Emanuel. *Tourism, Passport to Development? Perspectives on the Social and Cultural Effects of Tourism in Developing Countries*. New York: Oxford University Press, 1975.
- de Soto, Hernando. *The Other Path: The Invisible Revolution in the Third World*. New York: Harper & Row, 1989.
- Espino, María Dolores. "International Tourism in Cuba: An Economic Development Strategy?" *Cuban Studies* 23 (1993): 49-69.
- _____. "El desarrollo del turismo en Cuba durante la década del 80," in *Razon y Pasión: Veinticinco años de estudios cubanos*. Leonel de la Cuesta y María Cristina Herrera, Eds. Miami: Ediciones Universal, 1996.
- Facio, Elisa. "The Devaluation of Cuban Women's Work: Jineterismo During the Special Period," in *Global Development Studies*. Eloise Linger and John Cotman, eds. 1999.
- Grossman, Gregory. "The 'Second Economy' of the USSR." *Problems of Communism* 26 (September-October 1977): 25-40.
- _____. "The Second Economy of the USSR," pp. 24-269, in *The Underground Economy in the United States and Abroad*. Vito Tanzi, ed. Lexington: Lexington Books, 1977.
- _____, and Vladimir G. Trembl. "Measuring Hidden Personal Incomes in the USSR," pp. 285-296, in *The Unofficial Economy: Consequences and Perspectives in*

- Different Economic Systems*. Sergio Alessandrini and Bruno Dallago, eds. Aldershot, England: Gower, 1988.
- Hall, Derek R. "Tourism Development in Cuba," in *Tourism and the Less-Developed Countries*. David Harrison, ed. London: Belhaven Press, 1992.
- Hollander, Paul. "Political Tourism in Cuba and Nicaragua," *Sočiety* 23:4, 1986.
- _____. "The Durability and Significance of Political Pilgrimage," *Society* 34:5, 1997.
- International Labour Office (ILO) *The Dilemma of the Informal Sector*. Geneva: ILO, 1991.
- Jagannathan, N. Vijay *Informal Markets in Developing Countries*. New York: Oxford University Press, 1987.
- Los, Maria, ed. *The Second Economy in Marxist States*. London: Macmillan, 1990.
- Malinowitz, Stanley. "Public and Private Services and the Municipal Economy in Cuba," *Cuban Studies* 27 (1998): 68-89.
- Martin de Holan, Pablo and Nelson Phillips. "Stagnation, Sand, and Hard Currency: Tourism in Cuba," *Annals of Tourism Research* 24:4, 1997.
- Martín Fernández, Ramón. "El turismo y su desarrollo I & II," *Ecología y Desarrollo* 18:5-6, 1988.
- McClintock, John M. "Sex Tourism in Cuba," *Hemisphere* 5:1, 1992.
- Mesa-Lago, Carmelo. *Are economic reforms driving Cuba to the market?* Miami: North-South Center, University of Miami, 1994.
- Michalowski, Raymond J., and Marjorie S. Zatz. "The Cuban Second Economy in Perspective." In *The Second Economy in Marxist States*, edited by Maria Los, 10-21. London: Macmillan, 1990.
- Miller, Mark M. and Tony L. Henthorne. *Investment in the New Cuban Tourist Industry: A Guide to Entrepreneurial Opportunities*. Westport: Quorum Books, 1994.
- Mowforth, Martin, and Ian Munt. *Tourism and Sustainability in the Third World*. London: Routledge, 1998.
- Nee, Victor, and Fank Young. "Peasant Entrepreneurs in China's Second Economy: An Industrial Analysis." *Economic Development and Cultural Change* 39, no. 2 (January 1991): 293-310.
- O'Connell Davidson, Julia. "Sex Tourism in Cuba," *Race and Class* 38:1, 1994.
- Oswald, Sharon S., and Tony L. Henthorne. "Health Tourism: A Niche Strategy for Marketplace Survival in Cuba," in *Global Development Studies*. Eloise Linger and John Cotman, eds., 1999.
- Pattullo, Polly. *Last Resorts: The Cost of Tourism in the Caribbean*. London: Cassell, 1996.
- Pérez, Louis, Jr. *Cuba: Between Reform and Revolution* (second edition). New York: Oxford, 1995.
- Pere-Lopez, Jorge F. "The Cuban Second Economy: Methodological and Practical Issues Related to Quantification" *Cuba in Transition (ASCE)*, Volume 2 (1992): 185-203.
- _____. "Islands of Capitalism in an Ocean of Socialism: Joint Ventures in Cuba's Development Strategy," in *Cuba at Crossroads: Politics and Economics after the Fourth Party Congress*. Jorge Pérez-López, ed., 1994.
- _____. "Cuba's Underground Economy," in *Cuban Communism, 1959-1995 (8th edition)*. Irving Louis Horowitz, ed. 1995.
- _____. *Cuba's Second Economy: From Behind the Scenes to Center Stage*. New Brunswick: Transaction, 1995.
- Peters, Phillip. "Islands of Enterprise: Cuba's Emerging Small Business Sector," (14 pp. *Alexis*

- _____. *de Toqueville Institution web page* (http://adti.net/html_files/cuba/curpteml.htm), 1997 .
- _____. “Cuba’s Economic Transition and its Implications for U.S. Policy,” (6 pp. *Alexis de Toqueville Institution web page* (http://adti.net/html_files/cuba/cubatest.html), 1998a .
- _____. “An End To Isolation The Embargo of Cuba Failed; An Open Policy Has a Better Chance,” (4 pp.)*Alexis de Toqueville Institution web page* (http://adti.net/html_files/cuba/BRNFNL.htm), 1998b .
- _____. “Small Steps Towards Capitalism Merit New Approach From U.S.,” (2 pp) . *Alexis de Toqueville Institution web page* (http://adti.net/html_files/cuba/DMNOPED.htm), 1998c .
- _____. “Against All Odds, Cuba’s Small Business Finds a Way,” (3 pp. *Alexis de Toqueville Institution web page* (http://adti.net/html_files/cuba/gainst_all_odds.html) , 1998d.
- _____. “How to Change Cuba,” (2 pp. *Alexis de Toqueville Institution web page* (http://adti.net/html_files/cuba/how_to_change_cuba.htm), 1999 .
- Peters, Phillip, and Joseph L. Scarpaci. “Cuba’s New Entrepreneurs: Five Years of Small Scale Capitalism,” (20 pp. *Alexis de Toqueville Institution web page* (http://adti.net/html_files/cuba/TCPSAVE.htm), 1998 .
- Portes, Alejandro, Manuel Castells, and Lauren A. Benton, eds. *The Informal Economy: Studies in Advanced and Less Developed Countries*. Baltimore: The Johns Hopkins University Press, 1989 .
- Portes, Alejandro, Carlos Dor -Cábral, and Patricia Landolt. *The Urban Caribbean: Transition to the New Global Economy*. Baltimore: The Johns Hopkins University Press, 1979 .
- Portes, Alejandro, and John Walton. *Labor, Class, and the International System*. New York : Academic Press, 1981 .
- Portes, Alejandro, and Jozsef Borocz. “The Informal Sector under Capitalism and State Socialism: A Preliminary Comparison. *Social Justice* 15 (Fall/Winter 1988): 172-8.
- Portes, Alejandro, and Saskia Sassen-Koob. “Making it Underground: Comparative Material on the Informal Sector in Western Market Economies. *American Journal of Sociology* 93 (July 1987): 306-1.
- Pozo Fernández, Alberto. *Cuba y el turismo: actualidad y perspectivas de nuestra industria turística*. La Habana: Editora Política, 1992 .
- Rivera, Mario A. “Second Economy, Second Society, and Political Control in Cuba : Perspectives from Network and Institutional Economic ”. *Cuba in Transition (ASCE)*, Volume 8 (1998): 102-113.
- Ruisánchez, Jose M. “Comments on: ‘Cuba’s New Entrepreneurs: Five Years of Small-Scale Capitalism’ by Phillip Peters and Joseph L. Scarpaci” *Cuba in Transition (ASCE)*, Volume 8 (1998): 100-01.
- Serge, et al . *Havana: Two Sides of the Antillean Metropolis*. Havana: English Press, 1994 .
- Scarpaci, Joseph L. “The Emerging Food and Paladar Market in Havana *Cuba in Transition (ASCE) Volume 5* (1995): 74-84.
- Schoepfle, Gregory K., and Jorge F. Pérez-López. *Work Without Protections: Case Studies of the Informal Sector in Developing Countries*. Washington, D.C.: U.S. Government Printing Office, 1993 .
- Schwartz, Rosalie . *Pleasure Island: Tourism and Temptation in Cuba*. Lincoln: University of Nebraska, 1997 .

- Sik, Endre. "From the Second to the Informal Economy." *Journal of Public Policy* 12, no.2 (1992): 153-75.
- Smith, James. "Measuring the Informal Economy." *The Annals of the American Academy of Political and Social Sciences* 493 (September 1987): 83-97.
- Strout, Jan. "Women, The Politics of Sexuality, and Cuba's Economic Crisis," *Socialist Review* 25:1, 1995.
- Tanzi, Vito. *The Underground Economy in the United States and Abroad*. Lexington : Lexington Books, 1977 .
- Tokman, Victor. "An Exploration into the Nature of Informal Sector Relationships." *World Development* 6 (1978): 1065-75.
- _____. "The Informal Sector in Latin America: Fifteen Years Later," pp. 9 -110 in *The Informal Sector Revisited*, ed. David Turnham, Bernard Salome, and Antoine Schwarz. Paris: OECD, 1990 .
- Villalba Garrido, Evaristo. *Cuba y el turismo*. La Habana: Editorial de Ciencias Sociales, 1992 .
- Wilson, Tamara Diana. "Introduction." *Latin American Perspectives* 25:2 (March 1998): 317.
- Zuniga Jesus. "Preocupacion por alojamiento de turistas en casas particulares," CubaNet News , September 10, 1999 ;www.cubanet.org/CNews/y99/sep99/10a2.htm.
- _____. "Paladares amargan la vida de restaurantes estatales," CubaNet News, September 6, 1999; www.cubanet.org/CNews/y99/sep99/06a3.htm.

Quote: Jesus Zuniga (Cooperativa de Periodistas Independientes– CPI)

In a recent article titled *La realidad escondida*: Use embargo as a pretext, but ...

Durante 40 años, la revolución, en su afán por mantener las banderas de la educación y la salud pública como logros cimeros de su gestión social, no dudó, siguiendo el maquiavélico apotegma de que una mentira repetida se convierte en verdad, en engañar a la opinión pública mundial con los supuestos logros en estas áreas sociales.

Sure, a “new man” was created... live by wits and double-moralit y

Blame social problems on loss of “family values” (bitingly ironic given the history of that loaded term in US politics). Zuniga responds :

Decir entonces que las jinetas, el alcoholismo, los niños en las calles detras de los turistas, son producto de una pérdida de valores familiares, es mentir y ocultar que son consecuencia de la política de un sistema caduco, obsoleto, totalitario y unipersonal que ha destruido al país. La frustración y el caos son el resultado de 40 años de revolución .