

# Observations from a Visit to Havana

Roberto Orro, January 7, 2024.

I have recently returned from a seven-day trip to Cuba, and I want to share with you my main observations and impressions. I will focus on facts, so you can draw your own conclusions.

Regarding the famous Mipymes, they have undoubtedly filled a gap in the retail network. Now you can buy many food products that were missing last year, of course, at astronomical prices that are unaffordable for many Cubans. In general, the nutritional situation is better than in the early 90s when many Cubans were close to total starvation, but it is getting worse and worse. The rationing system is phasing out, but the market is still far from compensating for the critical shortage of rationed products like rice, beans, and sugar.

Many questions remain on how Mipymes get the “divisas” (foreign exchange) that they need. Private restaurants accept payments in US dollars and Cuban pesos. The only way for Cubans to buy US dollars is in the informal market. Interestingly, I encountered a mechanic who preferred payment in Cuban pesos, proof that in some circles the national currency has made strides. Importers, which now are another group veiled in secrecy, only accept foreign exchange. Thus, many Cubans believe that some top officials are involved (as owners) in the Mipymes business. Anyway, many dots are unconnected yet in this unofficial chain of import-distribution-sales.

The link between inflation and the public deficit is straightforward. The government pays most salaries, but public revenue has fallen. I don't believe that salaries will keep up with such insane prices for very long, and with the government retail network in retreat, I do not anticipate a correction in the market exchange rate, US dollar/CUP. In fact, I heard that GAESA's retail sales have dramatically fallen, which appears to have been caused by the demise of Lopez Callejas and the migration of government officials to private businesses.

Cuban infrastructure is in its worst condition ever, with no solution in sight. Transportation is a headache. Streets resemble a lunar landscape. Garbage collection is awful, and garbage can be seen pouring out of dumpsters onto sidewalks and streets. The shortage of medical supplies and medicines is critical. Education and healthcare now top the list of problems.

Public transportation barely exists, but now you can see luxury private cars in Cuba. I even saw a Tesla. How do these luxury cars get into the country? It is somewhat of a mystery, and there are many rumors about high-ranking officials running the car-import business.

Access to the internet, WhatsApp and mobile phones has significantly increased. Now, Cubans wake up and check CiberCuba every morning. The government has completely lost its ideological grip, but this change has not translated yet into an effective force of political pressure. This time I didn't see anyone giving the traditional talks (teques y muelas) on the Revolution's achievements and benefits. Nobody is guarded when criticizing the government. Of course, public announcements of further increases in gasoline, power, and other prices have stirred a great deal of anxiety and irritation in the population.

The decline in the number of tourists in Havana is noticeable--nothing like what I saw in 2016 when the streets were filled with vintage cars driving tourists throughout the city. A taxi driver told me that security conditions have also deteriorated, and some tourists have been assaulted and robbed in Old Havana. Again, that is what I heard.

Despite this dire picture, a small group of people are enjoying a high standard of living. Social and racial inequality, whose elimination was supposed to be one of the main goals of the Revolution, is now a critical problem (shameful and embarrassing). You don't need any statistics to conclude that the small and privileged group consists mostly of well-connected white people, with easy access to foreign exchange; while the majority of Cubans, (mostly mestizo and black people) are hopelessly trapped in poverty.

To top it all off, the torrent of people (mostly working age and their children) leaving the island continues unabated. At this pace, only seniors will remain in Cuba for a few years.

Well, I leave you to draw your own conclusions. Nevertheless, it seems to me that Cuba faces a very uncertain future, with a catastrophic scenario not outside the realm of possibility.