

TOURISM IN CUBA: CASINOS, CASTROS, AND CHALLENGES

TOURISM IN CUBA: CASINOS, CASTROS, AND CHALLENGES

BY

TONY L. HENTHORNE



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INVESTOR IN PEOPLE

For Katie

Acknowledgments

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About the Author

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She can wiggle her ass but she can't sing a goddamn note.

–Myer Lanksy speaking of his Hotel Riviera
opening night headliner, Ginger Rogers (1957)¹

We do not know anything about this. We, gentlemen, to tell the truth,
do not even know what to charge.

–Fidel Castro on the development of international
tourism in Cuba (1990)²

We will enforce the ban on tourism. We will enforce the embargo.

–Donald Trump on the policy of the United States
towards Cuba (2017)³

¹Lacey, R. (1991). *Little man: Meyer Lansky and the gangster life*. Boston, MA: Little, Brown & Company, p. 25.

²Castro, F. (1990). Castro gives speed on the development of international tourism. Retrieved from <https://www.reuters.com/article/us-cuba-castro-quotes-factbox/fact-box-cubas-fidel-castro-in-his-own-words-idUSKBN13L04G?il=0>

³Trump, D. (2017). Remarks by President Trump on the policy of the United States towards Cuba. Retrieved from <https://www.whitehouse.gov/briefings-statements/remarks-president-trump-policy-united-states-towards-cuba/>

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Preface

Havana, Cuba. For many Americans, these two words bring to mind a number of rather vague thoughts, loose opinions, and images of colonial architecture frozen in time and classic American automobiles from the 1950s. Cuba occupies a unique point in the American psyche; a position that is quite likely framed in large part by stories heard since childhood from the seemingly constant rhetoric of our government and the media, and from movies like Francis Ford Coppola's classic *The Godfather, Part II* (1974), or more recently *The Fate of the Furious* (2017), the eighth installment in the successful *Fast and Furious* franchise and the first big-budget Hollywood movie filmed in Cuba since the US embargo was imposed more than 50 years ago. However, what do we really know?

Today, Cuba is in the news again. After more than five decades of isolation from the United States and its huge market of leisure travelers, the island seems poised to rejoin the tourism mainstream. Americans want to know more about Cuba and will travel for that experience. However, barely ninety miles from Florida, Cuba is the only country in the world that is legally off limits to most US citizens due to the policies of their own government. While it remains an unknown to most Americans even today, that unknown, that nearly mystic haze that surrounds Cuba has become a large part of its fascination and allure.

American travelers have long been captivated with the island. In 1920, the Eighteenth Amendment to the United States Constitution, infamously known as Prohibition, was passed. Prohibition made the manufacture, transportation, and sale of alcohol illegal for over a decade. America was legally dry and not everyone was happy about it. The US government's war on booze created the first wave of thirsty visitors to the island-nation. Cubans, being ever-resourceful entrepreneurs, announced to the world that they were "Open for Business!" with strong drink, exotic surroundings, and available friendship. A tourist mecca was born.

Since those earliest halcyon days nearly a century ago, Cuba has ridden the crest of the tourism wave and crashed deep into its troughs. Prohibition was repealed and the Great Depression ruled the economy of the two countries and many others around the world. Tourism to Cuba experienced a cataclysmic dive. Down but not out, tourism hobbled on only to be resurrected and taken to unimaginable heights during the 1940s and 1950s, thanks in large part to the American Mafia and the hedonic environment that enveloped Havana. Americans flocked to the city, staying in glamorous mobster-owned hotels, dining and dancing at exotic nightclubs such as the famous Tropicana. They gambled in the swanky casino at the newly completed Hotel Riviera and in a multitude of other casinos around the city. They took full advantage of the plentiful and warm local companionship available at every bar, casino, and street corner. In short, American travelers descended on Cuba for the experience – the

experience of living a high level of self-indulgence they could not easily find at home, if they could find it at all. Some have called this an era of American manipulation and mistreatment of Cuba and the Cuban people. Contradictorily, others have called it the wonderful “Golden Age of Cuban Tourism.”

Ultimately, that exploitation of Cuba and its people gave rise to Fidel Castro’s sweeping Revolution. With the late December 1958 arrival of Castro and his soon to be revealed socialist tendencies, out went the capitalist Americans taking with them their decadent ways and their fat wallets. Casinos were shuttered, prostitution outlawed, and foreign properties nationalized. Tourism to Cuba once again fell dramatically, seemingly hanging on by the thinnest of threads. Castro’s increasingly close ties to Soviet Premier Nikita Khrushchev and the Soviet Union helped to drive a further wedge between the US and Cuba.

In 1962, US President John F. Kennedy signed into law the “Trading With the Enemy Act” cutting off (among other things) all recreational travel to Cuba. Thus began a half-century of isolation from the very large, free-spending, and important US travel and tourism market. This long and enduring ideological quarrel did not cause Americans to dislike Cuba or the Cuban people, not even during the bitterest days of the often-frayed US–Cuba relationship. It did, however, cause many Americans to once again romanticize Cuba as that unknown, exotic, and forbidden destination. So close, yet so very far away.

In 2018, American policy towards Cuba is once again in a seemingly endless state of fluctuation. Uncertainty rules the day. Following the 2014 Obama administration’s loosening of travel restrictions to the country, the excitement was undeniable and US tourism to Cuba surged – for a brief period. Americans still were not really free to travel to Cuba; after all, the embargo remained solidly in place (as it has been since 1962). The constantly changing rules and requirements for legal travel to the country left US travelers wary and hesitant. Now, President Donald Trump has closed some of the travel loopholes opened by his predecessor. Trump has yet to make his stance on Cuba completely clear, but his interim directives have made travel to the country somewhat more restrictive again.

It is not often in history that “Hope” has the opportunity to meaningfully shape the future of tourism development, but Cuba may be one such example. There is widespread hope about the future of tourism in Cuba, from within and without the country. While multinational hotel developers from countries such as Spain, Mexico, and Canada have already established a strong presence in Cuba, US-based hospitality companies are only now studying their options. Major cruise lines such as Carnival Cruise Lines, Royal Caribbean Cruise Lines, and Regent Seven Seas Cruises have all announced new Cuba cruises, with more to come. US airlines now fly scheduled flights to destinations around the island. Still, Cuba does not have the tourism-centric infrastructure to support any additional visitors, even during the off-peak season. Professionalism in the industry is yet to be developed and matured. Even when a small cruise ship disembarks a few hundred cruisers, coastal cities are overwhelmed. Notwithstanding, the Cuban authorities are presumptuous about their ability to handle any number of

additional guests. If US travel to Cuba increases – as it inevitably will – it will be no easy task to provide those travelers with the required and expected facilities and services.

There are perplexing signals coming from Cuba. For many years, the country has maintained a close relationship with the socialist country of Venezuela and has enjoyed the ability to purchase oil from that government at very favorable and highly discounted rates. Now, Venezuela has devolved into an internal state of crisis and that agreement is void. As a result, gasoline rationing in Cuba has become commonplace once again. Tangentially, the Cuban economy fell overall in 2016, despite a significant increase in tourism-related revenues. Once again, Cuba is in the unfortunate yet frighteningly familiar position of not being able to import even essential commodities due to its rapidly depleting foreign exchange reserves. The quickest method to replenish that foreign exchange is via tourism. Thus far, however, Cuban authorities are taking a cautious approach. Given the sociocultural and environmental impacts unleashed by mass tourism may potentially have on Cuba and the Cuban people, this is understandable. That said there also exists a heightened realization within Cuba that the country cannot continue to survive on subsidies from foreign governments. Cautious approach or not, markedly increased levels of tourism are coming to the island-nation. Will Cuba be ready?

A Few Notes on the Research

The background and research for this work are based on a number of sources. Principally among these are the author's 30-plus years of working and studying tourism development throughout the greater Caribbean region. My first exposure to Cuba was in 1994, early during the Special Period. Over the next two-plus decades, I returned to the island-nation more than a dozen times and have had the unique opportunity to travel much of the country and speak with numerous Cubans, both within and without the government. I have given talks and presentations to rooms filled with Cuban hotel and tourism executives and have continued these conversations with many of them over the years. I have gleaned insights from interactions with representatives of the Ministries of Tourism, Public Health, and Education. However, speaking with the everyday Cuban – whether that individual is a small business owner, bartender, cocktail server, taxi driver, or hustler – provides an understanding into life and tourism in Cuba not obtainable through any other source.

Extensive reviews of existing literature, data, and statistics were undertaken in an effort to make the book as timely, complete, and relevant as possible. Cuba tourism-related data and statistics are notoriously hard to come by and, although information sources have become more reliable and accessible over the ensuing years, remain somewhat of a challenge. When necessary, data have been extrapolated or averaged in an effort to fill missing information.

The Path of *Tourism in Cuba: Casinos, Castros, and Challenges*

Tourism in Cuba: Casinos, Castros, and Challenges traces the history of tourism in Cuba from the earliest days of Prohibition through the Mob-influenced “Golden Age” to today’s cautious but hopeful outlook for the future. This book is written primarily for those interested in cultivating a deeper appreciation and understanding of Cuba, its tourism industry, and how the progression of tourism has impacted – both positively and negatively – the Cuban people, their culture, society and the country’s overall development. A brief highlight of the chapters follows.

Chapter 1. The First Tourists

The opening chapter begins with a basic review of Cuba’s history, from the time of the indigenous Taíno through the Spanish occupation and Cuba’s various – generally failed – efforts to free itself from outside control. Cuba’s first brush with international tourism and its rise as an “adult playground” were brought about due to the passage of Prohibition in the United States. The results on Cuba were immediate and impressive – anything unobtainable at home was happily waiting for visitors in Cuba. Americans reacted quickly and with zeal to take advantage of such generous offerings.

Chapter 2. An Era of Decadence

Fulgencio Batista was not always the ‘bad guy’ he came to be perceived in the late 1940s and 1950s. However, when he made that crossover, he embraced his new role as dictator of Cuba and erstwhile US puppet with passion. The rapid and in many ways catastrophic growth of American Mafia-controlled gambling, nightclubs, and prostitution brought with it a level of exploitation and depravity never before experienced in Cuba. Widespread corruption and harsh working conditions for the Cuban people became the rule of the day. Was this the “Golden Age of Cuban Tourism” as touted by many or was it in reality the US exploitation of Cuba and its people?

Chapter 3. The Revolution and Tourism

Generally, the outcomes of repression, mistreatment, and lack of individual freedom are rebellion and revolution. Such was the case with Cuba. The corrupt and brutal Batista regime, coupled with the blatant mistreatment of the Cuban people, created a fertile ground for the rise of Fidel Castro and his grassroots revolution. Cuban- and American-owned properties were nationalized and the wildly successful Cuban tourism model of gambling, nightclubs, and open prostitution was brought to a quick and decisive end. Americans and many wealthy Cubans fled the island. The close of the “Golden Age of Cuban Tourism” had come.

Chapter 4. The Special Period, Part 1 (1990–1995)

The emergence of Fidel Castro and his close affiliation with the Soviet Union opened a new era politically, economically, and culturally for Cuba. Individual

freedoms were subjugated to the will of the State. Tourism was encouraged, but it was of a different nature and purpose than previously and targeted a different market segment. Cuba became the destination of choice for Soviet bloc travelers. During this period, tourism assumed an odd utilitarian nature; new hotels were built but with austere features in keeping with the Spartan mantra of the Soviet Union.

Chapter 5. The Special Period, Part 2 (1995–2005)

The collapse of the Soviet Union in 1989 brought incredibly painful changes to Cuba as seemingly overnight the country lost between 50% and 70% of its foreign exchange. Simply put, Cuba was broke. Lines stretched for blocks as the Cuban people queued up and waited for their monthly allocations of rice and other basic commodities. International tourism, reviled as capitalistic earlier by Castro, was now viewed as a potential avenue of economic independence. Havana actively sought and courted international investors to help in the development of their nascent tourist industry.

Chapter 6. Cuban Thaw

An ailing Fidel Castro turns over control of the government to his younger brother Raul who embarks on a cautious journey to bring Cuba into the international marketplace, at least at some level. Over the next decade, international tourism and visitors to Cuba expanded dramatically pouring badly needed hard currency into the island's coffers. Before long, tourism became the primary growth vehicle for the island, slowly pulling the country from the darkest economic depths to which it had fallen. Canada, Spain, Mexico, Germany, and France were all there building and managing hotels, marinas, and other tourism enterprises and sending millions of their fellow countrymen to soak up the sunshine and *mojitos* on Cuba's celebrated beaches. However, the hemisphere's largest and wealthiest visitor base, the United States, was conspicuously absent. In December 2014, US President Barack Obama began abating restrictions on American companies doing business in Cuba and on American citizens' freedom to travel to the island. It truly appeared a sea of change was underway.

Chapter 7. A New Political and Economic Environment

In November 2016, Donald Trump was elected President of the United States and once again the nexus between the two countries was in a state of uncertainty. While Mr Trump rolled back some of his predecessor's actions with regard to Cuba, travel and tourism remains a big business. Then, in April 2018, Cuba experienced the most significant leadership change since Fidel assumed power in 1959. Miguel Diaz-Canel assumed the mantle of President of Cuba. How might the relationship between Cuba and the US be impacted? Will the restrictions on travel and tourism between the two countries remain or change? Combine these questions with the fact that two of Cuba's old allies and supporters – Russia and China – are once again providing Havana with political support and economic aid. It becomes evident that few matters concerning Cuba are simple and straightforward.

Chapter 8. Challenges Old and New

Frequently, being a tourist today in Cuba is not the easiest of vacations. While so much has changed since the country reengaged with the international tourism community so very much remains the same – or worse. Tourism-centric infrastructure has been taxed beyond its limit, with failure common. Prices for everything from a taxi to a hotel room have shot to the stratosphere. Service failures are the norm not the exception. Cuba's continued adherence to a debilitating dual currency system stymies development.

Chapter 9. Where to from Here?

This concluding chapter provides a sector analysis of Cuban tourism growth and development priorities and opportunities. From historic and heritage tourism to chic ecotourism to medical tourism to traditional sun-and-sand tourism and topics in between, this chapter explores the near future of Cuban tourism.

It is my hope that the reader of *Tourism in Cuba: Casinos, Castros, and Challenges* will come away with an enriched understanding of how tourism to the island has evolved to its current status and what the future may hold. However, to attempt to predict the future of tourism in Cuban with absolute certainty is not possible and would be reckless. That future certainly will include the American market and embrace a greatly evolved tourism product. Much work remains to be done. The island's tourism infrastructure is currently experiencing considerable growing pains and all will not go as planned – it seldom does. However, a new “Golden Age of Cuban Tourism” is quickly approaching. Will the land of the Taino be ready to meet that challenge?