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OPEN FOR BUSINESS: BUILDING THE NEW CUBAN ECONOMY

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P R O C E E D I N G S

MR. TRINKUNAS: Good afternoon, everybody. My name is Harold Trinkunas. I direct the Latin American Initiative in the Foreign Policy Program here at the Brookings Institution. It's a real pleasure to be here to launch the book of my dear colleague, Richard Feinberg, nonresident senior fellow here at Brookings and also a professor at the University of California at San Diego, who has written an excellent book, “Open for Business: Building the New Cuban Economy.” I recommend it to all of you. And I'm really looking forward to the conversation we're going to have here today.

This is really a milestone I think in Richard's work at Brookings on Cuba. It's a project that has been ongoing with Richard's role in it really dating back to his first report released in 2011. This book builds on that, adds new material, and it really gives us an opportunity to think about where the Cuban economy will go next. This is also a book, I have to say, based on deep, deep field research and close work with partners in Cuba who have been working with us at Brookings for years now. Thank you all, to those of you who are here. And just note, among the partners who endorsed the book are Bill LeoGrande, who I recognize right here and Professor Juan Triana, from the University of Havana, who's also joining us here today.

So any flaws in the book, I think we can safely blame on Richard and on them. But I think you'll find that it's nearly flawless, right, Richard? You’re guaranteeing that to me.

MR. FEINBERG: I'll leave that to the reviewers to judge.

MR. TRINKUNAS: Absolutely. So we're going to start with a discussion between Richard and Tom Gjelten, who's a nationally recognized correspondent, journalist, and author, who's written extensively from Cuba, reported extensively from Cuba. And in fact, his 2008 book was on Cuba, it was “Bacardi and the Long Fight for Cuba: The Biography of a Cause.” I think somebody particularly well qualified to conduct this conversation with Richard here today, so we'll start out with that.

Then after about 30 minutes I believe, we will transition to a discussion with three young colleagues and leaders from Cuba, who are here with us today. I'll briefly introduce them. Although I point to the handout you go on the way in for their biographical information. That's Harold Cárdenas

Lema, who's a blogger with La Joven Cuba. Elaine Díaz Rodríguez, a journalist with Periodismo del Barrio. And Richard Torres, professor and economist the University of Havana. Again, somebody who's worked with us closely at Brookings in our Cuba work in the past.

Looking forward to that great discussion. And take it away.

MR. GJELTEN: Thank you very much. So for those of you who are cynical about journalists interviewing authors, I want you to take a look at this book and you can see how well marked up it is with tabs. I actually did read this book, not only because I have a lot of respect for Richard Feinberg, which I do, but also because it is so timely and it raises questions and answers questions that I find to be really fascinating. And I enjoyed it thoroughly. I wouldn't have made it all the way through if I had not.

MR. FEINBERG: Thank you, Tom.

MR. GJELTEN: But Richard, first of all, I have kind of a challenging question. So the title of the book is -- it's a book about the new Cuban economy, building the new Cuban economy and your title is, “Open for Business.” But I can say that after reading this book I'm wondering if you intended that as irony perhaps. Because you actually throughout this book lay out a lot of reasons to be skeptical about this opening. So first question, is Cuba open for business or not?

MR. FEINBERG: Well first thing, Tom, thanks very much for being with us. It's really an honor for you to --

MR. GJELTEN: We've known each other for a long time.

MR. FEINBERG: Yes, we have. We go way back. And I see many friends in the audience, and thank you all very much for coming as well.

Yeah, so “Open for Business.” Well that is on the brochures of the Cuban government. So the title in that sense is not mine. They announce, particularly the economics ministries announced that they are now open for business. And the Cuban government these days publishes a Portfolio of Opportunities for Foreign Investment. Now up to 300 plus specific projects with names and places and amounts that they say they want foreign investors to come in and invest in. The Cuban government, the Ministry of Tourism, has announced that it wants to build 110,000 new rooms in the next 15 years. Now the whole island has about 50,000 rooms, so that would be a tripling of the number of rooms and

therefore presumably a tripling of the numbers of tourists from about 3.5 million up to 10 million. So those are the official plans, open for business.

Plans are one thing, I've learned in Cuba over five years. Seeing things done, implementation is quite a different thing. And I have to say I've gotten to the point where I can keep reading that oh, this project has been signed, this will be done, next month we're going to start. Until I see the spade in the ground, I remain skeptical about any project that has been announced in Cuba. So yes, to some extent the title is more aspirational than it is current reality. I partly want to try to hold the Cubans' feet to the fire, if you will. This is what you say you want to do – what's falling short.

And what I try to do in the book actually is explain to the average reader, but also to any potential investors or business folks who might be interested in Cuba, what are the obstacles that they should anticipate. That is it is not easy going. That first of all there are plenty of people in the government that don't really want Cuba to be open for business. And probably some of those people are in the Politburo. We don't have access to them, but looking at the outcomes of the decisions we have to assume that they're very skeptical. And then many bureaucrats are afraid to sign documents, because they're afraid they might -- there's a downside to actually making decisions in Cuba. There's a lot of red tape. So yeah there are many obstacles to going from the idea of an investment to final implementation.

But I think they are gradually making process. And that's why I'm sort of saying I do think this is the general direction. For example, in Mariel, the new development zone. So they announced it about two years ago now. And up to now they've approved, last I looked, eight projects. Not very many, right? $200 million, drop in the bucket. They way this year they will approval 16 projects. Well, take the second derivative and that shows a very rapid rate of increase. So I think they are generally trying to move forward, but it is gradual. And there are a lot of obstacles.

MR. GJELTEN: Of course. We have a new government, at least temporary new government, in Brazil. How's that going to impact that Mariel project?

MR. FEINBERG: Well, so one of the arguments that I do make in my book, that I will say I think sort of foreshadowed events, if you will, why did Cuba move towards a rapprochement with the United States? I think a number of factors. Of course the Obama Administration was very important in that. I think the transition from Fidel to Raúl is critical. Changes in domestic American politics. But also I

think one could see, even before the current collapse in Venezuela and Brazil, that the relationships between these friendly emerging market economies had pretty much run its course. That Cuba had been able to get essentially subsidized loans from Brazil, particularly from Venezuela, to some degree from China. And all of those governments had finally decided hey, Cuba's not paying us back. These projects really aren't moving forward the way they were supposed to have.

MR. GJELTEN: Something other governments already knew and learned before.

MR. FEINBERG: Exactly. There's been a pattern in Cuba international economic relations. The United States was their last best hope, one could say. And events have made that even more so in the last few months.

MR. GJELTEN: Well, you mentioned at the beginning the idea of “Open for Business” was in many ways sort of in the context of tourism and hotels and rooms being open for business. And you write in your book since Cuba was not able to alleviate pressures on its balance of payments by lifting its merchandise exports, it turned instead to the United States for a quick spike in tourism and remittances. Not a long term solution to be sure, but probably sufficient for Raúl Castro, whose second and final five-year term comes to an end in early 2018. So was it not just in terms of the partners that it wanted to work with, did this opening to the United States also reflect a new emphasis, tourism and remittances is what's going to save us in the short term?

MR. FEINBERG: Yes, Tom, I think that's right. Cuba desperately needs to reform their entire agricultural sector. Cuba essentially doesn't have an industrial plant that's modern and competitive. So they have to completely revamp their energy sector. So many requirements. But those are all difficult. It's more technologically difficult and there are many, many political obstacles in every one of those sectors if you look at it.

Tourism, you know, it's not so hard to build a hotel. And the demand is already there. The tourists want to flock in to the extent the U.S. government allows. So in other words this tourism in those fundamentals is relatively easy. Now you can do it well. You can do it in a sustainable manner, in a manner which emphasizes feedback into the economy. And hopefully that will happen. But, yes, tourism is relatively easy.

Now, from the United States point of view, and here I think the administration was quite

brilliant, it saw the link between tourists, remittances, and the development of the emerging private sector in Cuba. Because much of the private sector in Cuba is linked to tourism. There's a huge boom in bed and breakfasts. There's no rooms left in the hotels. Where are people going to stay? So half of Havana right now is busy remodeling their rooms and opening them up as bed and breakfasts. So you have a tourism cluster, if you will. Not just the people who own homes who are renting them out, but the people who are doing the remodeling, which is private sector, the taxis who bring people back and forth, all the restaurants that we've heard about, the *paladares* and the night clubs. All this is an increasingly important tourism sector, private, but tourism related. And that was something I think the Obama administration captured, that by allowing tourists and remittances, that would boost the private sector in Cuba. Not just feeding into the state apparatus, which is what the opponents of normalization had always said. “Ah, let in American tourism all that does it fatten the state in Cuba.” They didn't understand the connection that Obama did between remittances, tourism and the private sector in Cuba.

MR. GJELTEN: There are so many issues to explore. Let's try and tackle them one at a time. As you mentioned one of the sort of spinoffs of the development in tourism might be the promotion of more small and even medium size businesses. Now the Cuban government just released a document, was it last week, laying out some sort of new regulations on small and medium businesses. What struck you as important about that? And, again, how likely are those reforms going to be to actually boost small private businesses?

MR. FEINBERG: Right. So the Cuban government recently put out some draft documents that are circulating for discussion and then they'll finalize them. But one presumes that the essence of those documents will remain pretty much the same. And these documents are bureaucratic documents and you can read them paragraph by paragraph and they're clearly compromises between different tendencies or thought patterns within the government. Some conservatives(“ socialism forever!”), reformers (“we need more competition, we need more markets, we need more productivity”). And there’s a constant compromise. So with regard to the private sector they do say we have to give the private sector a new legal status, which it has not had to this point, and that legal status is important for two reasons. One, it's ideologically important. It says this private sector will not be reversed. It is permanent. And it is a part of the future of Cuba. That's very important. Also once you have that piece

of paper saying you are a business incorporated, it'll be easier to get loans, to use collateral, to sell to state organizations, maybe even to engage in import/export, so that's important.

At the same time, that document still said we don't want anyone getting too rich here. So this is not Deng Xiaoping yet, who famously in China said to really speed along the reforms, it's glorious to get rich. Raúl Castro is not Deng Xiaoping. He has not said it's glorious to be rich. Still we don't want real competition with the state. That's the current position.

But what's the inevitability? I mean every medium size business, if it's profitable, will grow and become larger. So it seems to me that in the longer run this idea that we want the smaller size business to remain small, that's just not feasible.

MR. GJELTEN: Well that's an interesting question. I mean, are these changes irreversible or is the Cuban government powerful enough to really sort of keep change from happening?

MR. FEINBERG: Well I think to try to fully reverse it, or very largely reverse it, as Fidel Castro did in the 1990s, yeah. I think that's very unlikely for a number of reasons. First of all, the international context is different. Cuba with North Korea is alone as a traditional centrally planned economy. Even China, Vietnam have moved much further in economic reform than Cuba has to date. So in terms of international comparative politics, that would sort of. But also I think it would be dangerous, very dangerous having raised expectations, having spread around a little bit of wealth, for the government to try to really pull back. To me that would be destabilizing and dangerous – the more dangerous path, actually, from the point of view of the government itself. So one can never rule out entirely some hot heads trying to move things backwards, but it seems to me that that's quite unlikely.

MR. GJELTEN: Now we're seeing ferries, or cruise ships going to Cuba. And presumably as a result of a recent decision by the Cuban government, Cuban Americans will be able to go on that as well. You know it's a lot different to go on a ship as opposed to an airplane. Are we going to see (recorded voice) (Laughter) I guess it's over.

Will Cuban Americans be able to bring stoves, you know, over. You know, like larger equipment? I mean how important will that be to sort of spur some business development?

MR. FEINBERG: Well my understanding is so far we're seeing cruise ships. We haven't seen any ferry traffic yet. And I think one reason that that has not yet been finalized, and a lot of these

things, you know, they get announced. I mean how many times have we seen announcements about commercial airline traffic beginning and still not yet, right? Because there are lots of details and there's hesitancy on the part of the Cuban government. Fear of being overwhelmed, whatever.

So I think questions like exactly what would be allowed in terms of cars, and other things that Cuban Americans might bring, I think it weighs on the Cuban authorities' minds. And hence they have not yet been willing to fully go forward.

MR. GJELTEN: You mentioned in September 2012 the Cuban government put a heavy tax on gift parcels, and that had a real depressing effect on business development.

MR. FEINBERG: Yeah. So the way private business, which does not have access to wholesale markets inside Cuba, tries to supply itself is very often they go to Miami or a relative goes to Miami and brings back whatever they can stuff in their bags. Some of it gets through. Some of it's taxed. And some of it disappears into the customs offices.

MR. GJELTEN: And that was an indication, you said, of one of the ways in which the Cuban government has actually sort of disincentivized the development --

MR. FEINBERG: And there are -- there have been and there will be some occasional backward movement. Not a full-fledged reversal, but some backward movement. And we saw it just the other day. I was in Cuba and the government had allowed some freedom of prices in the agricultural sector, which had created some price increases. And then the government finally just announced we're re-imposing certain price controls. And it was fun to watch the explanations for this. This re-empowers aspects of the state sectors, which should not be counted out. Some of them are still strong. They'll push back. They want to maintain their market shares, like any private company would.

But on TV they said we are lowering prices to the farmers, because the farmers have asked us to lower prices on behalf of the consumer. And moreover, they have told us that with lower prices they will produce more. Yes, this is on national TV. So if there's a little confusion in the minds of some people in Cuba about the nature of markets and prices, you see it every day.

MR. GJELTEN: So you talk about the Sixth Party Congress, what was it 2011, I believe?

MR. FEINBERG: Yes.

MR. GJELTEN: And then you also talk about in December 2014 there was a publication

about portfolios open for foreign investment. Now we've just had the Seventh Party Congress. If you take those sort of three points, what's your political analysis of the balance of forces favoring reform or not favoring reform?

MR. FEINBERG: So I would say that I think there has been a gradual increase in the strength of the pro-reform sector, partly for reasons we've already discussed. Now that in these new documents they want to clarify that the private sector is not some temporary compromise to get us through a tough period, as it was say in the 90s. They're going to be a permanent part, they are partners in development. And we're going to make that legal and permanent. They also speak in a more upbeat way about foreign investment, that foreign investment will be a key part of our economy going forward and if we're going to become productive and competitive, foreign investment has to play a big role.

So I think there is sort of gradual progress. But do not count out the traditional sectors. And by traditional sectors I mean the Communist Party and much of the state apparatus and some people in the state owned enterprises.

MR. GJELTEN: Speaking of foreign investment, perfect example of sort of rhetoric versus reality. I mean you are pretty withering in your assessment of Cuba's performance in attracting foreign investment. You point out that after 2002 both new investments and the stock of total investments declined sharply. The government chose to eliminate smaller firms to concentrate on larger strategic joint ventures, eventually to focus more attention on state to state projects. There were a pile of complaints from foreign investors touching on virtually every aspect of this business operations, including low profit margins, rigid labor requirements, noncompliance with contracts, delayed access to foreign exchange, arbitrary --

MR. FEINBERG: Did I say all that?

MR. GJELTEN: -- unpredictable actions by government bureaucrats, intrusive vigilance by the state security apparatus. Phew, I think I got through it.

MR. FEINBERG: Tom, Tom --

MR. GJELTEN: Those are some of the issues in attracting foreign direct investment.

MR. FEINBERG: So I was able on the ground to actually interview some of the people in the joint ventures. And I have to say I think I'm the only one who's been able to do that. So there are

some success cases. And I have seven cases, the Melia hotel chain, Sherritt - the Canadian mining company, Nestle, and some others. If you can get in you can probably do pretty well because you have the protection of the socialist state. You in effect are given more or less monopoly rights once you get in. Who doesn't want to be a monopoly, right? Even in a sluggish economy. So those companies are all doing pretty well. But they were the exception in terms of being able to get in.

Yeah. Basically starting around 2000 until quite recently, there were very few new significant private investments approved. Essentially the more conservative factions within the state gained the upper hand initially under Fidel and then they maintained their position of influence.

MR. GJELTEN: And what are the implications of that for Cuba's economic development? I mean what are the total numbers of like investment and capital formation?

MR. FEINBERG: Well as I calculated, if during those years of almost no foreign investment, if they had allowed in $2.5 billion a year, which they now say is their current goal, that would have been over that period of time, ten years, $25 billion. $25 billion of hard money, foreign investment with associated technology and marketing capability Cuba today would be a different economy than it is right now. Major lost opportunities.

MR. GJELTEN: Are individual Cubans perhaps with help from relatives abroad, able to invest in any of these companies?

MR. FEINBERG: So from the Cuban government point of view, the Cuban government says foreign investments have to be approved by the Cuban government in their various complicated mechanisms, but that is open to Americans, from their Cuban point of view. But from the U.S. government point of view now, although there's been a lot of liberalization, current rules are that with very, very few exceptions American citizens and firms are not allowed to --

MR. GJELTEN: But --

MR. FEINBERG: -- make a direct investment.

MR. GJELTEN: -- what if -- because limits on remittances have been lifted. So if a Cuban American wants to send $10,000 to somebody in Cuba, would that then permit them to either do something on their own, or perhaps invest in some larger operation?

MR. FEINBERG: And this is happening every day. If you go to the restaurant, the

paladares, the larger ones in most cases, if you talk to the owner, they will tell you “a good portion of my capital injection came from friends and family abroad”. Now the exactly nature of that relationship, however, whether or not there's an understanding between those family members that this is an equity investment, is it a loan, is it purely a gift, that's between them.

MR. GJELTEN: Right.

MR. FEINBERG: Okay.

MR. GJELTEN: Are you one of those who thinks that the Cuban government, despite protesting without end about the Cuban Adjustment Act, is actually in favor of more Cubans coming to the United States so as to increase the remittances? I know that's been sort of --

MR. FEINBERG: Yes, an accusation. Well one has to be very careful when one talks about the motivations of the Cuban government because the Politburo, who are the key decision makers, are not accessible. So we don't have a chance to interview them and ask them, and they don't say, right. We can see the results that people are leaving. Sadly, in increasingly large numbers, especially the younger millennials, and many of them are just the sorts of people who would send money back through remittances.

It's normal for a small economy, particularly an island economy economy, to have some degree of export of labor, if you will. But you don't want it to be so large and so dramatic as to drain your economy of local capacity. And Cuba's in danger of that right now. I think one of the impetuses behind economic reform was that the senior folks are all seeing their grandchildren leave, even among the elites. And that has to be alarming with regard to the future of Cuba. So I think one of the reasons they want to try to create more opportunity, more hope on the island, is to keep their grandchildren at home.

MR. GJELTEN: I have a couple of other specific questions, before we bring our millennial panel up here. One has to do with the role of the armed forces and I mean I think that anybody who follows Cuba understands that the armed forces play a very important role in the economy. And particularly in the tourism sector. Is that a factor that promotes or inhibits reform, would you say?

MR. FEINBERG: Well conventional wisdom is that in general the army favors reforms in so far as they favor more efficiency. And also they probably understand that national security in the end requires a vibrant economy. Of course we don't really know this for sure, because at least I don't have

access to the top generals, and I don't know many people who do. But this is what sort of people say.

What we can see is that Gaviota, which is the single largest state owned enterprise that's in the tourism business and owns about a third of the hotel rooms, that is definitely linked to the military, is military. And they are considered the most dynamic, the most rich, and important driver in the tourism sector. They have not just hotels, but every type of business related to tourism.

Now one of the interesting things is that Gaviota is relatively autonomous, at least people that I spoke to say that they are not audited by the central government. Where does that money go? Big question. Even to people in the central government, as far as I've been made aware.

So yeah, to that extent there is sort of a power within the state that has a certain degree of financial and probably political autonomy.

MR. GJELTEN: You know conditions of autonomy can contribute, certainly have contributed around the world to issues of corruption. And when the rule of law is weak, when judicial institutions are weak, when the sanctity of contracts is not well established, you're talking about a lot of conditions here that would seem to favor corruption as one of possible scenario.

MR. FEINBERG: So if you're working towards --

MR. GJELTEN: Well he's got three scenarios.

MR. FEINBERG: Yeah.

MR. GJELTEN: You've got three scenarios. And, you know, that one fits into sort of the darker one, I'd say.

MR. FEINBERG: Exactly. So my book ends, I'm bold enough or crazy enough to try to project into the future and lay out three scenarios: a good, the bad, and the ugly. And the ugly scenario is one in which, as you point out, the combination of lots of resources in the states, lack of transparency, and a situation of sort of decomposition and competition among entities within the state, can result in a lot of corruption and even some sort of Russia's type of scenario. Which let's hope doesn't occur.

And the reason I include it in my book is I just say look, this is one possible outcome, and we need to avoid this. And here's some things you need to do to make sure that doesn't happen. But my major scenario is a more upbeat sunny scenario, right. In which I suggest that, although it's hard to predict the exact timing, Cuba will, looking around the world, seeing what has worked and hasn't worked,

will undergo a more comprehensive economic reform which will generate eventually more prosperity.

MR. GJELTEN: Well you make specific recommendations that you would like to see the Cuban government implement. There clearly are some unanswered questions about which way the Cubans are going to go. So just to sort of wrap this up, what would you say would be the most critical questions that have to be answered and that Cuba's future will depend on?

MR. FEINBERG: I think putting it really simply, there has to be clarity on the part of the leadership and a more coherent leadership, so this might be 2018 going forward. If you look around the world, where have there been successes in moving forward from authoritarian central planning to a more successful economy? There has to be a clear leadership that announces very clear sets of goals and then a strong team around that leadership that's empowered and that's capable of implementing the necessary reforms.

I think Cuba certainly has such people, but I don't think they've yet been brought into the nucleus of power and empowered quite yet. But I have this chapter, which we'll talk about in a second, I interview a dozen millennials currently based in Cuba, and that's what left me, Tom, very hopeful about the future of Cuba. Cuba has a lot of talent, a lot of authenticity, and people who will be capable of making this successful transition.

MR. GJELTEN: Well, Richard just did my job for me in that segue to the next section of the program which is a little bit of a panel discussion with three millennials, who are seated here in the front row. And I guess this is a good time. Ricardo, I think you're going to be over here. Actually, Richard, you're in the wrong place. But you can stay there.

MR. FEINBERG: Okay. (Laughter)

MR. GJELTEN: And let's see, Elaine, just come up here just take a seat wherever you want. Over there, please. Elaine, you can sit here. And Harold.

MR. FEINBERG: There are a few seats up in the front, if some of you want to come up.

MR. GJELTEN: We have to get you mic'ed up.

MR. FEINBERG: Joan, a special seat for you. Jason, seat for you. Hey, Michael, a special seat for you too. Don't be shy. (Laughter)

MR. GJELTEN: Okay. Why don't you begin by introducing yourselves and what you're

known for in Cuba?

MR. TORRES: I'm Ricardo Torres, so I'm a professor at the Center for the Study of Cuban Economy, which is within the University of Havana. I think I'm an economist. I think. (Laughter)

MR. CÁRDENAS: My name is Harold Cárdenas. I'm a blogger and researcher. I did a blog in 2010 called La Joven Cuba. I think I'm a writer or something like that. Not a political activist.

MS. DÍAZ: My name is Elaine Díaz. I was a professor at the University of Havana, Faculty of Communication from 2008 to 2015. And since 2015, I'm the editor in chief of a new digital magazine called *Periodismo del Barrio*, that covers climate change, local adaptation, mitigation from communities' perspective.

MR. FEINBERG: And a former Nieman fellow.

MR. GJELTEN: Yes, right. And by the way, Richard, you know these young people, and you know these issues. So why don't we do this as kind of a joint conversation.

MR. FEINBERG: Okay.

MR. GJELTEN: Just jump in when you can. Ask questions when you want and so forth.

MR. FEINBERG: Thank you.

MR. GJELTEN: But, Elaine, let's talk about your journalism. I was last in Cuba in May of 2008 and *Juventud Rebelde* at that time sort of took on a much more of an activist role in its own journalism. And really struck a chord with the Cuban people by focusing on kind of the petty complaints. I don't mean petty in a pejorative mean, I mean kind of the quotidian daily complaints that Cubans have about the economy. So what are the issues that you find the Cuban people want your journalism to answer to address?

MS. DÍAZ: Well first of all, we have not like a national perspective. What we do is like go into communities, communities where poor people live and basically communities who have been left behind in all this process of economic reform. Those people we work with. They don’t receive remittances. There are a lot of people who are black people, black communities, and there is a lot of issues there. So basically we want to make sure that we are covering those kind of communities and neighborhoods.

First of all, the main concern I always find in Havana, or even in Santiago de Cuba, has

to do with housing. Low salary payments, immigration is inside the country, those people don't have families to go aboard, or who come here to work in the United States. But are people who comes from Santiago de Cuba to Havana, to get better opportunities. So basically those are the main issues we keep finding over and over again: housing, salaries. Regarding women, gender violence and all kind of these social problems.

MR. GJELTEN: And how do you investigate those?

MS. DÍAZ: It's really hard. First you, we have like a 15 minute conversation with every people we interview where we basically say hey, we are not political activists. We are not dissidents. We are not working for the CIA. We are not working for the Cuban State Security either. We are just here as journalists. Because Cuba has to go back to the real values of journalist in the first place. And after we get trust from those people, we try to have like live stories, but we also try to get official sources. The best way to get official sources for us is local government. Local government has a huge amount of information. They are elect by the people in the municipality. So basically they have to deal with all the stylistics of the municipality. We don't often get interviews from ministers or even I mean the National Assembly, but we do have information from those people, so when you put all the information together you have a better sense of what is going on.

MR. GJELTEN: And have you encountered any problems? Maybe had any interference from people in authority?

MS. DÍAZ: So far we have kind of tolerance.

MR. GJELTEN: Tolerance?

MS. DÍAZ: Yeah. We tolerate each other. We don't do opinion pieces, for example. And it's as strategic from the media because we want to keep facts rights. So basically we don't do opinion and it's because we don't want to be --

MR. GJELTEN: But in some cases the problems that you highlight might be embarrassing for people in power. And maybe they don't want to be embarrassed.

MS. DÍAZ: It happens. But we present facts and they cannot argue against facts. So basically what we do is do research and these are the facts. We are not making any statement. We are not making any opinion. We are not taking positions although we always take positions with people from

the neighborhoods, so that's the sort of reputation we have so far.

MR. GJELTEN: Harold, Elaine has talked about her objectives as a journalist and what her blog does. Contrast that with your own. Does yours complement what hers does?

MR. CÁRDENAS: That's exactly the word I was thinking about. We kind of complement what she does, because we do opinion. We do our political activist. We do exercise our voice in our blog. Actually we've been doing that for six years. In the beginning it was really hard. In the beginning, we had a lot of troubles, people didn't understood that. We were trying all the time to push the boundary of what is possible to do, what is possible to say. But so long we had our few victories in this. And I'm very hopeful, you know. We do this because we really believe that it's necessary. Cuba is a country with many apolitical young people. It's a country --

MR. FEINBERG: Apolitical?

MR. CÁRDENAS: Apolitical, yeah, young people.

MR. GJELTEN: Apathetic, then.

MR. CÁRDENAS: Apathetic, yeah. With lack of visible leadership with lack of alternatives. People don't feel empathy with many things in political ideas. So we were trying to create something that people could believe in and something that people could join, and people -- we were trying to create the platform for people to participate. To feel that they have a voice, and that your voice can be heard. And that you can also participate in the future of your country.

MR. FEINBERG: When you say, we, what do you mean? I know that there are some people who are suspicious of your group and consider you sort of the more moderate or reformist voice of the government? So who's we?

MR. CÁRDENAS: We're pretty much a bunch of millennials – I don't think so. Not so millennials too much. But we are a bunch of young people that we were this blog was born in university. So we have very strong rules in university inside the island. We're pretty much trying to -- we're trying to get away from the extreme polarization of Cuban reality, you know. We don't relate to this discourse that says everything is okay. And the people that saying that everything is bad. Because Cuba is not a country in black or white. We are a mulatto island. So we were trying to show that. We were trying to create the platform that is a mulatto platform, but it's not black or white.

And it's very hard, because those extreme poles criticize you a lot, because you don't do what they want to do. And we're trying to avoid that privatization. We're trying to avoid this extreme discourses, you know. We're trying to bring some common sense. Common sense is not very common in Cuba. (Laughter)

MR. GJELTEN: That's a takeaway quote. Ricardo, you're with the Center for the Study of the Cuban Economy?

MR. TORRES: That's right.

MR. GJELTEN: Now, remind me, was it the Center for the Study of Cuban Economy, or the Center for the Study of the US Economy that ran into some real serious problems with the government not long ago? Several economists were dismissed, I think.

MR. TORRES: I think it was --

MR. FEINBERG: Allow me to -- that was back in the 90s.

MR. GJELTEN: Skip to the --

MR. FEINBERG: That was the U.S.

MR. GJELTEN: That was the U.S., okay. But skip to what is it like to be a relatively independent economist in Cuba today? Because I'm sure you have your own ideas about what should happen and what is it like to sort of work at something called the Center for the Study of the Cuban Economy in Cuba and maintain your integrity and independence?

MR. TORRES: Well it's not easy, certainly. I think there are many of us who believe that we can produce some change that we can have some influence on decision making. And we also have got the energy and the will to do it, to make it happen. It's never easy as Harold said. Like too many people in Cuba present reality in extremes, you know, black or white. It's never like that. The gray zone is very big. So we try to contribute, so we've opted so far to contribute from within. So we are part of the University of Havana which is a public institution in Cuba.

It's fair to say that I mean most of the time we got support to do what we consider to be relevant research. Some of the times we have to explain a lot, you know, what we are doing. I mean for me as a young economist, I feel like I have a commitment to the country. I've got many opportunities, many chances at the university to study abroad, to travel quite a lot, by Cuban standards I would say. But

I want to use that knowledge to have an impact on the country's future. And that's what we've been doing. Again, it's not easy. A lot of misunderstanding, backlash sometimes. But, no, so far I think some people already have seen the benefits of having a vibrant economic community, in this case economies that can contribute and can have an impact.

We've been participating in some of the processes that are taking place in the country. And we look forward to continuing that work. I mean of course for us as scholars, for us it's natural to discuss our ideas, to expose those ideas to others' opinions, for us it's also natural to engage with a broader academic community whether within Cuba or outside Cuba. Sometimes that creates some preventions in some people in Cuba. But we're fighting hard. And I think I mean good will and common sense will prevail at the end of the day.

MR. GJELTEN: Have you seen or read Richard's book?

MR. TORRES: Well I've read a chapter of the book on my own contribution, I mean personal contribution to that book. But not the entire book, no.

MR. FEINBERG: But you've read lots of pieces of it.

MR. TORRES: Yeah, exactly.

MR. GJELTEN: I'm curious, Richard laid out some of the questions that have to be answered to know whether the Cuban economy is to develop to its potential. He's got some recommendations. He's got many criticisms. He points out a lot of the problems that explain the lack of foreign investment, for example. What is your explanation for sort of the overall situation that Richard describes?

MR. TORRES: I mean we've had to understand that, I mean this is definitely my very personal opinion on the subject. So Cuba has followed, there are a number of reasons, some of them very unfortunate in my opinion, a very unique path over the last at least 55 years or so. And we've come to this situation which I mean the leadership of the country itself, has a knowledge that we've got to change significant parts of our system, because it's not working. It's not providing what most people want.

And there is, I would say, there is momentum now for economic reforms. So there are those documents out there already, in my opinion, that could be a meaningful contribution to what's

happening in the country. So we also look forward to the implementation phase of what's written there. Just the critical stage of that process. I think we have in Cuba, I would say a combination of some historic events that have shaped the country's economy, or even political views. Also within the last five decades we cannot ignore the effect of U.S. sanctions on Cuba, the way those sanctions have interacted with the old flaws of the Cuban system to create something that is not, again, very successful economically speaking.

I think now, I mean it is important for me, not very much looking into what might have been different, but how can I contribute to take the country from today's position to a better position. So that's a way I approach reality. Otherwise, we engage in an endless discussion that takes us anywhere or nowhere in terms of the debate. I think formally taboo ideas are now being debated in the country. I think there is a growing participation of the population, certainly in the academic community it was going on. I don't think we can, you know, on Venezuela, I don't want to look at those events as a linear process. Social change is not linear anywhere. And so we've got to be ready to expect some steps forward and some steps backward, first of all. I mean it's a natural part of the process. But more importantly we've got to look at the trend, or was a trend. I think we are moving forward. We're moving forward. And you know, Richard used that expression millennials in his book. I think a growing share of the Cuban population is millennials. So I think that generation, the millennials so we've got different opinions on what's going on in the country. So there's a growing participation of that part of the population on the country's political and economic debate.

MR. GJELTEN: Harold, Elaine talked about the issue of inequality in Cuba and the number of Cuban, particular Afro-Cubans, who don't have access to remittances, because maybe they don't have relatives abroad. How big an issue would you say this inequality is in Cuba? And how is it felt particular among sort of the more marginalized youth?

MR. CÁRDENAS: I think, of course this is a country, this is an island that needs a lot of changes. These changes involve many aspects that we know are going to evolve to more social difference. And I worry about that social difference, and that's what she encounters every day, because that social difference evolves in the fact that we don't have a plan for that. We don't have a plan to deal with the collateral damage of these new problems. The changes in Cuba. I don't see the plan.

I remember when the economic plan was presented a couple of years ago. I taught that in my university. All of this is necessary. We need to do all of this. We all know that is common sense. But I don't see the plan for that. I don't see the plan to deal with this, because if you have money in Cuba today you can own a private restaurant, or you can rent your rooms. You can do many, many things. But if you don't have that money, what do you do? How do you profit from any changes? Many people are not profiting anything, you know. And those are the people that cannot be left behind. We have to worry about them.

MR. GJELTEN: Can you pick up on that, Elaine, how widespread is that feeling, would you say?

MS. DÍAZ: That's difficult, because I mean one year ago I didn't know that Cuba exist, because I was basically a researcher at the university and I was doing research on internet and when you look at who is accessing internet in Cuba, I find a lead, people with high degrees. There were no Wi-Fi hotspots. Then I moved to journalism and moved to this kind of journalist going to these poor places, and I think it's growing. And I don't see there, like, good and differentiated public policies to try to reduce the difference. I always see Cuban media outlets and international media outlets focusing on the reforms, and the economic reforms, and remittances, and entrepreneurs. But I don't see so much stories about the people that have been left behind. I'm just going to tell a little bit of story I'm working on right now, just to see how easy will it be to do better public policies.

I'm working on a story of immigrants inside Cuba. Now people come in through United States, but people from all the provinces come into Havana. We have been following up kids, people who came to Havana where they were two years old, 15 years old, three years old, their parents came and they didn't get legalized, so they didn't get a proper direction of address of Havana. And now, some of those kids grew up and they have to work, and they get free education primary schools, secondary school, high school, they can even go to university, but as soon as they graduate they cannot work in Havana. And the only way out is to go back to their provinces, some of them don't have a place to go out. So if you look at the American immigration policy and Mexicans, and that kind of stuff, you would understand this in Cuba. And some of them cannot go back, because they don't have a place to go back.

And I don't see, every time I go to authorities, and every time I try to do research with

people investigating the problem, I don't see a solution. And it's a simple solution. I mean they can do something with these kids. And I have been seeing more and more of these problems and I don't see a policy toward protecting those peoples who have been left behind. And the only way out I see is journalism, speaking of these problems, putting them, exposing them on the internet, and then international media outlets picking them up and speaking louder and louder and then you can get some reaction from the authorities and public policies toward that. But so far it's really hard if you don't follow that kind of line.

MR. GJELTEN: Among those youth in particular, is there a lot of dreaming of leaving Cuba?

MS. DÍAZ: Eight-nine percent of my class is in the United States and Mexico, 89%. When I came to the United States to do my Nieman fellowship, we were five professors working on digital journalism, now there is just one left in Cuba. All of them left the country.

MR. GJELTEN: What does that say, Harold, about sort of the state of morale, the state of patriotism, whatever among the Cuban youth?

MR. CÁRDENAS: It doesn't say anything good, you know. (Laughter) It's not good news. I think this is the consequence of a phenomenon that is pretty obvious. Young people don't see themselves living in Cuba. Now why is that? Perhaps because we are not our parents. Perhaps because we have seen all the struggles our parents have lived. Perhaps because we inherit a conflict with the United States, you know, we inherit a fight that is maybe not our own. Or perhaps because many of those fellow friends of mine, because I also have many friends living here in the United States, maybe many of them thinks that there's only one life and that life is worth living for and they are going to the closest best place for a Cuban to be. Because we also have the adjustment law and people can get very cozy in Miami very rapidly. So this is pretty much what happens. We have many people leaving. I'm worried. We can focus on seeing that trouble. I'm very worried also because I see everybody speaking about the young people that are leaving, and nobody speaking about the ones that are living on the island, you know. Nobody speaks about we, that we live in the island, you know. We're the forgotten ones.

MR. FEINBERG: I'm glad you said that, because I mean I've very proud to be on the

panel with three Cubans who are so exemplary in their patriotism, as well as in their professional brilliance. And the reason I added a whole chapter on interviewing millennials in Cuba is precisely the point that Harold is making, because there are so many articles about the Cubans who have left, but after all most Cubans are still in Cuba. And that was the story that I wanted to tell in my book.

But I think part of the frustration is pace of reform. And if you're 85 years old, you may think boy there's been a lot of change in the last ten years in Cuba. But if you're 25 years old, it's way too slow. And I think that's part of the difference in perceptions. If you're young, you want to see a much more rapid transformation. Now one of the issues is, well people who seem to be losing out, are they going to turn against reform? Are they going to become like the party of reaction, because that's happened in other countries. And that is a possibility, but at least in my experience in talking to Cubans, I don't sense that at all. I sense just the opposite, that what your average, and you all can comment as well, but what your average Cuban wants, is “I want to see change and I want to see it much more rapidly than it is currently occurring right now”. See if you agree with that.

MR. GJELTEN: Let me twist that question a little bit, because I got a feeling from some of the things that you said, Elaine, that perhaps inequality is a byproduct of these reforms. Is there a way, and this is for like Richard, and the two Richards, but also you, Harold, is there a way that these reforms could be done in a way that lessens the impact on young people, perhaps with changes in sort of the internal migration controls, or whatever. I mean is it inevitable that these reforms are going to have this kind of very disparate effect on different populations?

MR. FEINBERG: Well, I'll leave it to Ricardo to start, and I can chime in.

MR. TORRES: Well I think there's no easy solution for there's so many problems that we face right now. So it would be naive to promise someone that, you know, there's a magical solution to everything. That is not the case. But what I do believe is that's it's always a way to do things better. And let me give you an example of how can we do something very obvious better, so that way more people in Cuba could benefit, or could profit from the changes in the economy. So it is well known, I think there is almost a consensus on that, that eventually education is most evenly distributed asset in the Cuban context versus houses, or cars, or social networks, or even information, if you want to put it that way.

Well the way we've been framing the opening up for the private sector, I mean for the

domestic private sector in Cuba, means that we are put in, so we are not giving the educated population of Cuba the opportunity to fully use what they've got.

MR. GJELTEN: No return on that.

MR. TORRES: It is almost as, I mean as easy to find an engineer in Guantanamo, that it is in Havana. And I think that's a victory of our process. It was really evenly distributed throughout the country, high quality universal good education. Why don't we give those engineers in Guantanamo, or Hoguín or in the south part of Camaguey, the opportunity to fully exploit what they've got? I think it's possible.

MR. FEINBERG: So I could give you a long list of specific measures that the government could take to spread around whatever increases in productivity there are. For example, right now, the only way to have money for investment is probably to have relatives abroad, right, which means that's a certain skew to the population that has those relatives abroad.

Because there's no banking system in which people with good products can go to and say lend me the money to support this good project, even though I have no family sending me money. So one obvious reform is open up the banking system. Now that's easier said than done, because you've got this very lethargic state banking system. Anyway, there's a whole series of things you can do. But the reason I'm optimistic about this issue relative social equity is that all Cubans have been brought up in this environment that equity matters. Social solidarity matters. That's at the root of the revolution, it's very deeply embedded.

So in Eastern Europe you had this dramatic swing to the right – rght in the sense of total free market, whatever goes, poor people too bad. Because they rejected anything to do with the state, because socialism had been imposed by the Soviet Union.

I don't think that's the case in Cuba. I sense that in Cuba, because it's more indigenous, that people really do have these values, and politicians that want to be successful in the future will have to focus on the social equity side of things.

MR. GJELTEN: Harold, Richard raised the question first of whether young people support this continued reform or not. And he theorized, he suggested they do, but he wanted your input on that. What's your sense of the extent to which the millennial generation is wholly behind these

reforms?

MR. CÁRDENAS: Anything that implies big changes that can give you more in this life, and that can give you more opportunities because we have a lack of opportunities right now this generation, anything that implies that is very welcome from us. We have this feeling that 10 years, and 20 years might, can go very fast and your life is going to be wasted because it's very slow everything. Maybe this challenge of our generation is to build a country for those that left to come back. You know, maybe this challenge of our generation is to make things work. But for that we need to overcome some things, some very difficult aspects. We need a lot of consensus. We need to build consensus. And it's very difficult because in Cuba to build consensus you need to do politics. You need to express and to put your ideas into public opinion. And you need to communicate. And to do politics and to communicate it's very, very difficult in the island.

MR. FEINBERG: And you need freedom.

MR. CÁRDENAS: Yeah, you need a lot of things and those things are very, very difficult to do. So actually we're trying to do that. We're trying to take Cuba in 2016 has a public space much, much better than five years ago. Today we have very meaningful debates. Today we can change things for real, you know.

Just to put an example, on the ways that I work, I've known blogs in Cuba that have changed the United Nations vote of the country. I know blogs that have changed many things for real, you know. There are things that you write today that can change the aspects. But not just that, you need the young people apply themselves, and they feel that they have a voice that they can participate and that they can believe that by participating they can change for real the things. And there's sense that that is not very possible today.

We need to change that. We need to give hope back to the young people of the island. And we don't want a normal country. A normal country in Latin America is a country with drugs. It's a country with gangs. It's a country with many things that in Cuba we don't have. We want the things that we do have, we want the things that we're lacking and that are necessary without losing many, many social achievements that we have, and we have to preserve. So that is the goal. That is the way we have to look forward, you know. To gain things and not lose things. And I've very worried about it,

because I don't see the plan. I don't see that this debate is going public between the government and the civil society of the island, you know, we need to do that.

MR. FEINBERG: Tom one of the findings in my chapter on millennials is that the millennials on the whole that I spoke to, said they did want a normal Cuba. Not normal as in that sort of negative Latin American sense, but rather normal and people define normal as internationally, it would mean living in a situation that was not always full of conflict and tension, but rather normal international relations in which people could travel back and forth to the U.S. and elsewhere. So if Elaine wanted to work for two years for an internet outfit in Los Angeles, and then do that for two years and come back, she could do that. And it would be normal.

And normal would also mean the ability to pursue your interests and talents on the island normally. If you're a lawyer and you wanted to have a private practice, you could that, of course. Or if you're a journalist and you wanted to have your own journalism enterprise you could do that, of course. And that would be normal. Normal on the island and normal in international relations.

And what I found, Tom, is that most the millennials I spoke to all felt that that would happen, that that normality would be Cuba in 10 or 15 years.

MR. GJELTEN: Well we're going to want to get Elaine to weigh in on that. But first I want to open it up to, I'm sure there are a lot of you who have questions. You've got your hand up. And I think there's a microphone right here for you.

MR. RODAS: It's a question for Richard. My name is Pablo Rodas. I'm economist, a consultant from chief economies of Covade -- everybody talks about the common miracle, economic miracle in Cuba. And the discussion is how big is it going to be? Middle sized, huge, but nobody talks about the demographic pyramid that is critical for economic growth. And this is related with the issue of the millennials, because if you see the demographic pyramid of Cuba, it’s very old. I mean the largest share is like a diamond. The largest share is 40 years, 45 years and 55 years, is the largest share. And no country can have an economic miracle with that kind of demographic pyramid.

MR. FEINBERG: Okay, well thank you. And first of all, this demographic pyramid you're talking about a lot of older people, that's one of the reasons I really like going to Cuba. I feel like I fit right in. (Laughter) I'm like normal. So that's really nice.

MR. GJELTEN: You said, 40s, he was in there.

MR. FEINBERG: Well, you know, thank you. (Laughter)

MR. RUIZ: Just if I can --

MR. FEINBERG: I got the question.

MR. RUIZ: If I can finish.

MR. FEINBERG: I get the question. Yeah. Cuba oddly is like Japan in the sense of the younger people don't have all that many children. I think the answer to the demographic challenge is pretty clear, which is that Cuba traditionally was a labor importing country up until 1959. And I think Cuba can go back, once the economy gets revved up, to once again being a labor importing country. Plenty of workers in the Dominican Republic, or in Puerto Rico, or even in Spain and Mexico or the other islands, would be happy to work in a prosperous Cuba, just as they had been pre-1959. So that sort of solves the demographic problem.

And the middle class, thank you so much for that, I have a chapter in the book about the middle class. One of the surprises that I found as I began to do more work in Cuba is that you had this idea that well the middle class left and everybody in Cuba is like workers and peasants. But actually the revolution has totally replenished the middle class. I mean the people here on the podium. So by most definitions of middle class, the definitions being well educated, at least high school education, if not more, owning your own home, having a relatively small family, high female participation in the workforce, by all those traditional definitions the majority of Cubans would already be middle class. Now where they're not middle class is in access to all the goodies that we associate with a consumer society.

MR. GJELTEN: Like food.

MR. FEINBERG: Like food. (Laughter) Like, well spices at least. So what the revolution did basically was it emphasized public goods, but to the extreme of completely neglecting private goods. And since what defines middle class and identity these days in the modern world is access to at least a basic basket of consumer goods, that's the frustration in Cuba today. And that problem has to be addressed.

MR. GJELTEN: You, sir, in the back. You had your hand up. There's a microphone coming for you. Maybe you could identify yourself.

MR. ROEBUCK: My name is Roland Roebuck. I'm a community activist. I'm interested in knowing the reason why there are no Afro-Cubans on the panel to verbalize the plight and the oppression that they receive over in Cuba. And the second question relates to the perception of millennials with respect to the candidacy of Trump and how they see that demagogue slash xenophobic entity attempting to lead this so-called democracy and the massive level of support that he is receiving. And to clarify further, I will say to the panelists (Spanish). (English translation) Please, in the future make sure there's some Afro-Cubans up there, too.

MR. GJELTEN: That's certainly a good point that you raise. Because the, I don't know, maybe somebody here knows the figure, but I think the percentage of mulatto, or Afro-Cuban population is very high, isn't it? It's well over 50 percent, 60 percent, 70 percent, something like that. I don't know. Do you happen to know, Richard?

MR. FEINBERG: Yeah, well so this is very debated, because if you ask people, that is to say self-reporting, you'd get one number which would be quite different from a number you might get by some let's say more objective criteria. But let's say roughly 50 to 60 percent. Something along those lines, a solid majority, yeah.

MR. GJELTEN: Yeah. Well I mean we've got three millennials here who are very successful in their own right, but the gentleman is absolutely right, we don't have any --

MR. FEINBERG: Well --

MR. FEINBERG: -- Afro-Cubans millennials.

MR. FEINBERG: -- I will say in the book, the book has the experiences in the private sector, some of the millennials that are covered in the book, etcetera, that are Afro-Cubans. So there is a representation in the book of the population that you're pointing to.

MR. GJELTEN: Do you want to weigh in on that, Elaine, because you mentioned, this is one of the things you mentioned how many of the young people that you talk to are Afro-Cuban, and how alienated many of them feel?

MS. DÍAZ: I think in order to, I mean I don't feel I can talk for any kind of minorities in Cuba. Because when I came to study here, I changed from being white to be Hispanic and I was very kind of -- I didn't get it. I mean it (laughter) was like, and Harvard was like, okay, I'm not white anymore

now I'm Hispanic. What Hispanic mean? Because I didn't understand anything. So I know it could be -- I know what it feels to be minority in a country, so I'm not going to talk for anybody.

I just think we have inequality in Cuba. That inequality is of course affecting more black people. 80,000 Cubans,black Cubans receive remittances. And more than one million white Cubans receive remittances. So you can get the numbers according to the U.S. census and according to the Cuban census.

MR. GJELTEN: And that's way out of proportion.

MS. DÍAZ: Yeah. It's way out of proportion, 2010 numbers. But I don't think that it's a Cuban public policy to discriminate these people. I don't see it in the government. I don't see it in any place I work. I don't see discrimination at the university in the way we receive students. I don't see discrimination in everyday life. I think it's a culture we inherited from before the revolution. I think we have to work a lot about it, but I don't think we have Ferguson in Cuba. We don't have racial profiling as it is been said in American media in the case of this society. I don't see that in Cuba.

I'm sorry, this is a very personal opinion. I haven't -- I just study Cuban blogs made by Afro-Cuba descendants. And I don't see that kind of discrimination in Cuban from the institutional point of view. And if you look at the Cuban constitution, if you look at the Cuban public policies, they are always trying to protect and to do more policies toward favoring every group, protecting women, protecting black people. I don't see it.

MR. GJELTEN: But if you look at the makeup of the Politburo, for example, it's --

MS. DÍAZ: The implementation is what is what is wrong. I mean because you keep reproducing, because you are not -- if you don't recognize racism exists, then you don't develop public policies toward any racism. If you just say, it doesn't exist, we prohibited from constitution, we have a parliament where the chief of the parliament is black. So everything is right. But it exists. And if you don't recognize it exists, you cannot fix it.

MR. GJELTEN: Good point. The red shirt there.

AUDIENCE: I heard the fellow say that developing consensus in Cuba was very difficult. And I have difficulty understanding why is that? And is the Communist Party playing a role in that? And if you could explain it, I will appreciate it.

MR. GJELTEN: For you, Harold. The question is the Community Party in Cuba partly responsible for difficulty with developing consensus?

MR. CÁRDENAS: Well the thing about developing in Cuba, the thing about Cuba is that pretty much has to do with the government. And that might make easy some things, but that also can complicate many things. The development in Cuba I think it has -- we're speaking about an island that was built as a political system in the 60s, when the Soviet Union was telling that it wasn't socialism, common to the communist era. And we learn a lot about that. My panelists have studied the Soviet Union.

We have the remains of Stalinism is our base and we might even don't know it. And many of the things, of the mistakes that we have done has to do with that. Many of this intention of to have a state that controls many, many things that even in the end of the 60s tried to eliminate every private enterprise, as little as it could be. That was the inheritance or that was the influence of the Soviet Union with us.

Many of the economic mistakes are related to that. And many of the things that has the intentions of regulating everything, are because of that.

Today we have many people that thinks different. We have, I think we cannot speak about generations generally, because there are many things difference. I know people of my age that are very conservative and not in a good way, you know. I know many people with a lot of years that are very progressive. That's not always the case, but we have seen that that is a pattern, you know. Some of the older people are more conservative about doing the same things the way they always were about controlling this, controlling that and about -- and many of the younger people are more open to, or more progressive to do things differently, you know.

Also, when we speak about -- we were speaking before about what we could do to have a better development in the island. And I was thinking how can the United States help that? United States is promoting a lot entrepreneurs in the island. And I was thinking the number that I have, and maybe the two Richards can help me with this, is that the entrepreneurs are the 30 percent of the Cuban economy. So I was thinking what about the other 70 percent? Are we going to left them behind, the United States it wouldn’t be more appropriate to worry, to engage with all the Cubans that work in the

economy? Are we just going to focus on the people that we care? I think it will be better to do that.

And also with entrepreneurs I think are going to be a very important part in developing the island and shaping the future of Cuba. They need to have such a commitment. I don't want an entrepreneur in Cuba, or I don't want somebody involved socially, politically, or economically that doesn't have that social commitment. That doesn't have some worries about the island.

So if you're going to live here, and you're going to have your business here to go on vacations to Paris every year, and you don't care about your neighborhood, about the people that work for you. That's not the kind of development that we have, that we want, you know. I don't know if I answered your question. Because I think it's --

MS. DÍAZ: Can I add something to the question?

MR. CÁRDENAS: -- much more for Richard, beside me.

MR. GJELTEN: No, no, no. The question was about the role of the Communist Party in making it more difficult to establish a consensus. But --

MS. DÍAZ: I would like --

MR. CÁRDENAS: No, I guess I can tell that.

MS. DÍAZ: I would like to add something.

MR. GJELTEN: Do you want to weigh in on that, yeah?

MS. DÍAZ: Yeah. I think in order to -- how can you build consensus in any society? You need people to public debate. You need people to be able to public debate.

MR. GJELTEN: Express themselves.

MS. DÍAZ: Yeah. And that's the first point. Second point, you need mass media. Because people here have to know what people from Boston are saying. And they cannot show up there and get a train. So basically you need mass media playing a role in that kind of debate and be, like, the *altavoz*, the speaker of that kind of debate. And what happens in Cuba is you don't have mass media fulfilling his mission. So basically people are discussing in small groups, but you don't get a lot of media playing its roles as a vehicle of speaking up for those people and making those debates between people in one neighborhood from people to another neighborhood to be in the same.

The first time in my whole life I saw that was during the *Lineamientos* discussion.

Basically everyone was discussing the *Lineamientos* in the war rooms with the policy of the government's party. And they came up and you can add, subtract, say whatever you think about the *Lineamientos* and then they made a public statement of what people said in those discussions. But that doesn't happen very often. For example, they release one hundred and something, or two hundred and something activities to work in for private sector. Who ask the rest of the Cuban people, or the Cuban society do you agree with those activities? Do you want some activities to be include? Do you want to jump in and say something about it? That's not happening. So basically this is not happening so much public debate, if you don't have media outlets fulfilling his mission, you cannot be build consensus, because how can you put, like, make people agree on something?

MR. CÁRDENAS: Also --

MR. GJELTEN: Very quickly, because we're --

MR. CÁRDENAS: Yeah, very quickly.

MR. GJELTEN: -- out of time.

MR. CÁRDENAS: I think that the Cuban government is also living the five stages of grief right now. (Laughter) First we had this denial. Denial of things that were going to happen and things that are common sense. Then we had very recently another phase of anger, of fighting the public, the civil society threats and fighting and not understanding the role of the legitimacy that has to have a blog, to have a product like Elaine's to have all of the things. That was the anger part. Now we are in negotiation. They know that things are going to change. So they're negotiating to which way or where are we going, and that's normal. That's pretty much what is happening right now.

They're negotiating where are we going to go like country, because we are very close to be in acceptance that Cuba is moving toward somewhere else, like in not in the same place. And we are very worried. And the government knows that they have to a responsibility in that because if they don't change many things, all will be changed and they're worried on that topic.

MR. GJELTEN: Well, on that note I think we should wrap up. We had a commitment to get out of here at 6:45 and we're already over a few minutes. I'd like to thank Ricardo, Harold, Elaine, and Richard. And thank you all for coming. (Applause)

MR. TRINKUNAS: Thank you everybody. Thanks to our panel. We'll have a reception

outside where both Tom and Richard are available to sign copies of their book. I hope you'll stay and join us for some food and drinks. But please do remember to return your translation equipment on the way out. Thank you for joining us.

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CERTIFICATE OF NOTARY PUBLIC

I, Carleton J. Anderson, III do hereby certify that the forgoing electronic file when originally transmitted was reduced to text at my direction; that said transcript is a true record of the proceedings therein referenced; that I am neither counsel for, related to, nor employed by any of the parties to the action in which these proceedings were taken; and, furthermore, that I am neither a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

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