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Cuba's Economic Future

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PITA: Welcome to Intersections. I'm your host, Adrianna Pita, and with me today is Richard Feinberg – he's one of our non-resident Senior Fellows and he's professor of International Political Economy in the School of Global Policy and Strategy at the University of California San Diego – and also Ted Piccone, who is a Senior Fellow with our Latin America Initiative, who focuses on human rights and democratization issues. Welcome, gentlemen, thanks for being here today.

Richard, you're also the author of a particular book that came out earlier this year, *Open for Business: Building the New Cuban Economy*, which took a really interesting look; you interviewed a lot of young Cuban millennials –

FEINBERG: I did.

PITA:– about their opinions about what's going on the island, and that was some really interesting stuff, and I encourage your listeners and viewers to check that one out.

FEINBERG: Thank you.

PITA: So we are here today for a couple of things. One is that, of course, it's the anniversary of the rapprochement between the US and Cuba which saw some lifting of economic restrictions, travel restrictions; recently the embassies have been reopened; and then of course the passing of Fidel Castro. So I thought I'd start with that: sort of the general state of where things are in Cuba. Fidel's death had a great deal of symbolic meaning but of course Raul has been in power for a number of years now. So I wondered if you might talk about sort of – both of you – about where were are in the island right now, whether Fidel's death has anything more than a symbolic meaning, if we might expect any kind of changes one way or another in the next few months.

PICCONE: Sure, well I'll start. I mean, we are seeing a moment in time that's been long anticipated. Fidel was 90 years old and has been in ill health for some time, but his shadow has cast a long shadow over Cuba and over the politics of Cuba and you can see that in the way things have unfolded, both in the economic process on the island as well as in relations with the United States. So, when Raul assumed power from Fidel about now eight years ago, formally, he initiated a set of reforms that really were a break from the, you know, the orthodoxy of the Communist Party and the way Fidel wanted to organize society, and more of an institution building approach to leadership but also an opening to the world: an opening in terms of the economy for the Cuban people, giving them opportunities in the private sector. And also Raul was quite frank in warning people that they need to change their attitudes from the traditional paternalist society to something that was much more bottom up, that they have to think of themselves as citizens and not just wards of the state. And there were various doors open to allow the Cuban people to participate more in the Cuban economy. But over time we saw that process of reform slow down, stagnate, and we saw factions emerged within the government – the traditionalists, the Fidelistas who wanted to slow down reforms, who were very suspicious, in particular, of Raul's opening to the United States; and a more pragmatic wing where, I think, Raul was trying to negotiate some middle path; and then a demand for reforms – that they accelerate and move faster.

And in the process I think you're now seeing a situation which the economy is slowing down, maybe even falling into recession. The economic circumstances the island faces are very difficult and there's a real need for accelerating the reforms. So the question now is with Fidel's passing will Raul be able to step forward and push some of those reforms that are so needed to get the economy moving again. And I think we don't know for

sure. They've gone through a period of intense mourning – a lot of symbolism around those processes, and the march across the island, and thousands of Cubans coming out to pay respect to the only leader they've known for – for many of them for their entire lives. So it is of course a very important psychological moment also for Cuban exiles and in Miami we saw them dancing in the streets in Miami, but I think now, turning the page there's a real opportunity for Raul to prepare for his succession, because he has said that he will step down in February of 2018, so that really is the moment in which the Castro era comes to an end. And in fact, I think we're already very close to that point with Fidel's passing, and we'll see if all the work they've done to prepare the next generation to carry forward the gains of the revolution, but also the same time open the island to the rest of the world, will succeed.

FEINBERG: Well, I think that was a very excellent summary of where we are today, well done.

PITA: Do we have any notion of what to expect in 2018 when Raul steps down? Is there sort of a chosen successor already waiting in the wings or, what is that process going to be looking like?

FEINBERG: Yeah so the process in Cuba whereby presidents are elected: they're elected, actually, by the National Assembly. This is not a direct election as there is in the US. Based upon our recent experience maybe that's not such a bad thing. But the fact is the Politburo, a handful of very senior people in the Communist Party, are the ones who make these decisions. And that's a very hermetic group. Nobody has access to those folks. It does seem, however, that a fellow by the name of Diaz-Canel seems to be the probable successor. He's a man in his mid-fifties. He is generally respected among people who have had a chance to meet him during his rise through the party structure – he is a Communist

Party personality. He's been in effect the first secretary or sort of the mayor in a couple of provinces, or the governor; and then he was what they call the Minister for Higher Education, the man in charge of the university system, and he met in that capacity with a lot of Cuban academics whom I have had the opportunity to talk to in the course of my own research on the island. And they uniformly had good things to say about him, which was interesting. They said he was intelligent; relatively modern, interested in Internet, for example, which in Cuba is still an innovation; that he had relatively liberal social values, so that was all very encouraging.

And generally he's kept a low profile, which is probably a smart thing to do, because historically when up-and-coming young talent have stuck their neck out and been very prominent, Fidel Castro would cut them off. So he's been smart and in keeping a relatively low profile. I did notice at the famous baseball game when President Obama was down in Cuba, Diaz-Canel was sitting right next to Raul and Obama and the US team, which in the end won the game and was leading throughout, though when the Cubans finally scored a run, I was watching closely and Diaz-Canel jumped up and he was so excited, and I thought: one, of course, he's a patriot, he's a nationalist. But he's capable of expressing spontaneous emotion, and I thought that was interesting because you don't see that among the senior Cuban leadership. They tend to be very reserved. So I thought, oh this is more normal Cuban. I thought that was a positive sign.

PITA: All right. So we have any notion yet about what to expect from the Trump administration? He spoke pretty strongly about rolling back from those advances. Do we think that's actually something that they'll focus on, actively rolling that back, or might they take a hands-off unless something pushes them? Any ideas?

PICCONE: The honest answer is we don't know, but we can make some educated guesses. During the campaign President Trump evolved in his position, or maybe he went backwards depending on your point of view, where he was initially open to the rapprochement that President Obama led, but thought he could get a better deal. Much closer to election day, he was in Florida, in Miami, and told Cuban exile community that, in fact, he would roll back Obama's normalization process unless Cuba complied with his demands – demands, actually, to be honest, demands of the US Congress, as written in US law, the embargo – conditions for lifting the embargo require free and fair elections, improvement in human rights, the removal of the Castros from power, and the resolution of property claims from the United States. So that's a pretty high bar, for any country, and this is precisely what President Obama's policies trying to get us away, from because it hasn't worked for over 50 years and President Obama correctly concluded that we needed to try a different approach, and that we needed to try an approach that included direct engagement, people-to-people, but also at the highest levels of government, so that we can prepare for the post-Castro era that is now unfolding. And it has resulted in a whole series of agreements between our two governments, ranging from health issues, maritime protection, law enforcement, now we have regular commercial air services that just started last week, and these are in our national interest, these kinds of agreements. We've seen a big increase in US travelers as well, which we'll talk about next.

The problem is that in the politics of Florida, you know, Trump made some promises to the supporters and now, even after the election, he continues to make those promises, saying that we are going to cut off the current relationship unless the Castro and the Cuban government reforms. And I think we should have learned something from the history of the

last fifty-plus years that that approach – that kind of bullying, threatening, unilateral approach – doesn't work Cuba. It's a very proud, nationalist country, and it doesn't matter what your position is on Fidel or Raul or anything. I mean, this is the way in which Cuban people defend their sovereignty, and they want to have that kind of independence from the United States or any other country. So, I think that is the big question that we're trying to figure out, is will Trump actually implement this promise.

One scenario is that they hit the pause button and they take time to actually study the problem, because it has many different ramifications, including on migration, that we have to think about and then kind of reconsider; and listen to the Cuban-American community which is not monolithic on this issue; and also listen to Cubans, including dissidents on the island who have very mixed opinions about the US role, and many of them are very much in favor of the normalization process. He should take the time to consider all those factors, also listen to the business community, which sees some real opportunity in Cuba, if not immediately, over time, and wants to be in on the game. By isolating ourselves and going back to the past, I think we open the door for many other countries and businesses – it really hurts our own businesses, and hopefully that'll happen. If not, I think there's a rash quick decision to roll back some of the reforms. We'll see kind of an immediate negative reaction in Cuba that will support the hardliners in government, and will set us back several years.

PITA: Especially, all stick and no carrot doesn't seem to work when you're the only one holding the stick because as you say, plenty of other countries will trade with them and do business and everything else.

PICCONE: We are completely isolated on the issue of the embargo.

PITA: So since you brought up the issue of tourism and that being a strong growth factor for Cuba moving forward, might be a big promising area to improve their economy, Richard, you had written this new interesting report called Tourism in Cuba: Riding the Wave Towards Sustainable Prosperity. Now, you co-wrote this with Richard Newfarmer.

FEINBERG: Correct.

PITA: So I wonder if you could talk to us a little bit about the growth that has already started in Cuba in this industry since the rapprochement, and some of your thoughts about how the industry can grow moving forward?

FEINBERG: You know, so currently about 4 million visitors a year visit Cuba. About a million of those, interestingly enough, come from Canada, snowbirds, yeah, and given that the population of Canada is under 40 million, 1 million out of 40 million, that's two and a half percent of the population every year go down to enjoy some sun and surf in Cuba. Pretty interesting, right? Another major source are Russians, similarly looking for some sun, to get away from the cold Russian winters; and then folks from Europe. There's been a certain diversion of tourism, European tourism, towards Cuba; people who used to say go to the Negev or parts of North Africa which are very unstable now. Cuba is very stable, quiet, peaceful, place, no security issues at all, so Cuba's attractive. Cuban tourism has been basically value tourism, which is to say, is very inexpensive. You can stay that an all-inclusive for maybe a hundred bucks a day. All your meals, sun and surf, including your airfare. So it's a really, really good deal for working-class people from Canada and Europe. And that's brought in a certain amount of income, but our recommendation in our report is that Cuba should gradually try to move up the value chain and offer a variety of tourism: more boutique tourism; medical tourism; adventure tourism; boating tourism, with higher

quality service, they need to absolutely upgrade their service quality. Cubans themselves very nice, they're very welcoming, but they need more training, and they also need better incentives to work hard. So those are part of our recommendations. They can do well in the tourism sector. There are basically three state-owned enterprises that are in charge of the hotel sector, and these are all experienced successful corporations, essentially, and they generate a lot of internal cash flow from all the tourists are coming in, and they can use some of that cash flow to build new hotels, and they project – they want to have – a tripling of the number of rooms available. Now, there's 50,000 rooms, approximately, on the island in hotels. They want to take it up to a 150,000 over the next 15 years. That's a big jump, so we suggest one, if they want to do that they should not consume all their investment resources in building hotels but use some of the existing investment resources to upgrade other productive areas in the island, particularly agriculture and energy, and also improve the quality of their social services for which they're famous, you know, good health good education, but the sad reality is if you visit the island the physical plants of the universities are in terrible shape, and similarly one hears all sorts of stories about people who go to hospitals and also find that there aren't even bedsheets, no less high-quality high-tech equipment. So they really need to take the money out of the tourism sector and spread it around the rest of the economy. In order to do that and invest the same time, they need to invite in more foreign investment, and that's one of our major recommendations. Some of it could eventually come from United States if the embargo is lifted on our side, but also from Europe and from Asia as well, and Canada.

PITA: You touched on this a little bit already, but maybe you could talk some more about, there are a lot of concerns that sudden influxes –they start seeing a lot more

tourists, more people from US as well as from elsewhere – that the infrastructure is not up to it, environmental concerns. What are some of the things that they can do to make sure that that growth of the industry happens sustainably both in those environmental terms but also economically speaking?

FEINBERG: Well, that's a very good question and it's a tall order. There's plenty of room on the island, it's a pretty big island. Right now, tourism as a percentage of population or as a percentage of the square miles or the percentage of beaches is relatively low, so there is a lot more carrying capacity, so that by itself is not a problem. They'll still have plenty of virgin beaches even after they put in these 150,000 rooms, if they do it right. But how to do it right? So we make a number of recommendations in the report. There is a Ministry of Environment that have to sign off of every new hotel structure. The point is, does that Ministry of the Environment have the resources and the expertise and the authority to make sure that things are done in a sustainable way? As part of our research we did visit a number of hotels around the island, and some I think meet pretty good standards, for example you can see they didn't just pull up all the mangroves but preserved it in some of the hotels. Other strips, I would say, are less attractive and it's basically they just leveled it and put up cement boxes and labeled them hotels. So it's sort of a mixed story, yeah. We also suggested they set up an International Advisory Board of experts from around the world, doesn't have to be necessarily Americans, can be Europeans or Latin Americans or Asians, who have experience in tourism but understand the basic concept of sustainability both for urban tourism in Havana itself, which of course is the center of cultural tourism urban tourism, very beautiful and tremendous potential going forward as well if they do it right; as well as tourism all around the island. So a lot of potential if they do it right. It could

be – they could brand Cuba as the site of green or sustainable tourism if they do it right. They have an opportunity.

PICCONE: Another important finding of the report is how the tourism activity is generating a lot of private sector activity, including the growth in the bed-and-breakfast sector, which is an area that the Raul Castro government has allowed to expand, and you see when you go to visit and you stay in the B&Bs, you meet with the families and get to know them, and you can see the direct economic impact it has had, you know, the wage differential is dramatic. You have people in the same household who may work as a lab technician in the hospital, get paid maybe \$25 a month, and the B&B makes that in one day let alone the taxi driver who took you from the airport; on one ride makes \$25. So there's some growing inequality on the island, which is an issue I think that they're going to grapple with, but Richard might have more to say about how this can be an engine for growth for the private sector in Cuba as well.

FEINBERG: Yeah, I'm glad. This issue of the bed-and-breakfast sector, what I call the private tourism cluster in Cuba – bed-and-breakfasts but also private restaurants, farmers who supply both the hotels and the restaurants and the bed-and-breakfasts, the taxi drivers, the small private construction companies that help remodel these rooms in people's houses – that's all a cluster, and that links. Who are their clients, who are their consumer base? Largely tourists, travelers from the United States and elsewhere. And where does the money come from to do these investments? Largely from the diaspora, from the Cuban-American community in South Florida who are pumping money into the homes of their friends and relatives. And this was the brilliance of the Obama administration, to understand, to be able to connect these dots. So they figured out, well,

allow more travelers, American travelers to visit, and that will booster the private sector in Cuba, and that's how we support the reform process. Why is that important? Well, it raises the standard of living of many Cubans, so it's just a humanitarian value in and of itself, but also a private sector creates more pluralism within the economy. These people are independent of the state, and we know from history, although we shouldn't be overly deterministic, that a vibrant private sector and pluralism in the economy is likely to lead to more pluralism in the political sphere eventually, particularly in the Caribbean Basin, which after all is wall-to-wall democracies right on the border of the United States.

PITA: About the inequality of incomes, there's also this two currency systems, like the people working the tourism industry have access to the convertible peso but then the people who are not working the tourism industry don't. What is going to happen, what needs to happen to ensure that that doesn't become a sudden massive gulf?

FEINBERG: Yeah so right now there are two currencies at the 24 to 1 ratio. So if you're paid in the currency which is worth 24 for the 1, which is the hard currency, that's a lot better, obviously, and so people who work in the tourism sector, if you get tips from Americans basically in dollars, wow! You're doing really really well, or if you get bonuses from a hotel that's a four or five star hotel that is generating profits, they give you a bonus also in the hard currency, again 24 to 1, you're a happy guy, right? The government recognizes – this creates all sorts of distortions, inequalities, but also all sorts of market inefficiencies too complicated to go into here, but take my word for it – and the Cuban government recognizes this. They said they want to move to a single currency and a single foreign exchange rate. They had an opportunity to do it a couple years ago; now it's harder. They're in a foreign exchange tourniquet, a bind; they're not exporting enough to really

drive the economy forward to meet all their important needs; their commodity prices are down a bit; so they're really struggling this year in the foreign exchange front, and they haven't done what we recommended a number of years ago, which is to join the international financial institutions: the IMF and World Bank. You don't have to take all their advice if you don't like it, but they do open up access to private capital markets, and if you're willing to accept some of their conditions they could provide you with important liquidity, and the Cuban government desperately needs international liquidity.

PICCONE: And of course, to add to that you have the situation of Venezuela, which is directly affecting Cuba. Cuba receives subsidized oil from Venezuela and also was refining that oil and re-exporting it onto the international market, but with the decline in oil prices that has really dried up for them, so that's a challenge. There's also, in the inequality front, I would call it two types of brain drain on the island. You have this steady emigration, people leaving the island who are sick and tired of the lack of economic growth on the island or have political problems with the regime; but increasingly it is economic migrants who are leaving by the thousands every year, and many of them, because of our policy, our law that allows them to come to the United States and receive parole all the minute they step foot on US soil, there's a big magnet. So there's both a push and a pull factor for them to leave.

But it's also people within the island who want to stay, who are professionals in the medical or engineering or architecture, you name it, who have state jobs, getting paid thirty forty fifty dollars a month, are moving into jobs as taxi drivers and bellhops and waiters where they get paid much, much more. And so, there's this general kind of decline or deterioration in the level of quality of services that people need.

PITA: I wanted to ask about some of the sort of tourism-adjacent industries. You mentioned the internet earlier. You have also, in some of your earlier pieces, written about the underdevelopment of the agriculture sector and all these other things that will need to be built up more just to expand the tourism industry alone, but then they might also be of other benefit to other businesses: agriculture might mean more exports, that kind of thing. Can you both talk a little bit more about?

FEINBERG: I mean, the bottom line problem is that the investment levels are way low, eight to ten percent of GDP, which is half of what you have in the rest of Latin America, a third of what you have in the dynamic countries of East Asia. So the whole island is decrepit, I'm sorry to say. The roads are inadequate; they do not have internet access of any quality throughout the region; agriculture: you travel around the island – and you can rent a car, by the way, and travel it unimpeded – but what you see is lots of fallow ground that looks fertile, and you can't understand it! How can this be? Any tractors you see are old Soviet style tractors, 30 years old or so, and you still see a lot of carts with horses or oxen, still, in this day and age, a hundred miles off the coast of Florida. How is this possible? So they need a lot more investment of all sorts throughout the economy. Why don't they produce more agriculture? Well, partly because they don't have all this infrastructure that's necessary; they can't afford to import some of the inputs into agriculture that you would need, including tractors and other equipment; but also they don't pay the farmers enough. If you're not paid enough, you're not going to produce much, right? This is obvious, you don't need an economics degree to figure this out. Why don't they see this? Because they have this idea: lower prices helps the urban consumer. But it's short-sighted. I was watching a TV program in which they were discussing the repression of agricultural

prices and someone said, "Well, but how does the farmer see that?" And the guy from the Ministry of Agriculture said, "Oh, they like it because they're patriotic and they don't care what they get paid. They'll produce because they're patriotic." Come on, that's just not serious, right? So they do need reform throughout the economy.

PITA: What is the state of internet access? It's only about 5%?

FEINBERG: Yeah, it's low. A handful of people have – you know, maybe five, ten percent of people have – computers, but even those it's mostly intranet, that is to say, within the island; and there's some people who can access internationally, even then it's typically dial up and slow. Now I think we're all waiting, you know. Google went down there and actually offered to wire the whole island for free, and after all, from the point of view of Google it's still a fairly small market, 11 million people, it's a pretty flat island. They could do it right away with a couple of balloons or something, or satellites. And the Cubans said "no, thank you." Why, you have to think, why? "Oh, because the NSA, you know. The US spy agencies will somehow get all of their data." Well, okay, one could understand some, but that must be a problem that one could solve, right? Anyway, we're waiting, in the next few days there may be an announcement by Google of some sort of agreement to do something positive on the island, so that would be a step forward. Basically they've been turning to the Chinese to help them with cellphones, basically, so the Cubans will be able to purchase, and many Cubans do have, not smartphones, but cell phones that are basically used for voice and text.

PICCONE: And I would just add that there are growing number of Wi-Fi hotspots around, in particular, the cities, and that's interesting to see, on street corners people on

their devices tapping in, but it's expensive and, you know, way beyond the average salary of a Cuban state worker.

PITA: What role is there for the US in, whether it's a tourism industry or anything else. Should we just hope to, all right, don't roll back on the rapprochement and then stay out of Cuba's way, or are there any positive steps the US can be taking to encourage the growth of domestic industry?

FEINBERG: Well there's a lot that the United States could do, but as Ted said, what the Trump administration will do remains a huge uncertainty, huge question mark. Sooner or later, there will be integration of the US and the Cuban economies. There's no doubt in my mind that will eventually occur, we just don't know when, and at that point I don't think we'll go back to what it was in the 1950s when the US heavily dominated the island. It's a different world, first of all, back in those days the US was more than fifty percent of the global production; now we're more like twenty-five percent, and the Cubans have reached out and do have commercial relations with many European countries, Latin American countries, Brazil, Mexico, Canada; and of course the Asian countries are increasingly present, most notably China. So I think we can look forward to an island with diversified economic relations, but where the US does provide, a lot of technology, a lot of investment including, obviously, our international hotels will be part of the tourism industry – let's see if the Trump brand makes it onto the island or not – but we already have a little bit of Marriott, Starwood, they're managing a couple of hotels, that's just the beginning. And then all the technology they need, everything we've been talking about. Tractors for agriculture, energy production and distribution, biotechnology, they have some good biotech sector there, but that needs to be integrated to global R&D chains and marketing chains, all of that, I think

will eventually occur to the benefit, of least, important sectors of the US economy, including Cuban-Americans in the diaspora who will be able to invest on the island as well, and go back and forth normally. There will be a benefit also to your average Cuban, as well as to many American producers. Down the road, I'm fully confident that vision will be realized.

PICCONE: I would just add, you know, if the US took a honest, pragmatic approach that's, you know, what is in our national interest, then you would build on what President Obama has begun doing. So in the case of travelers, you know, there's been a lot of expansion in those categories but tourism is still prohibited by Congress. Why? I mean, it's the only country in the world that Americans cannot travel to as tourists. This is an island 90 miles off our shores that, you know, it's not a national security threat to us. There is no evidence of any kind of terrorism that's directed at us. So we have to get over that problem. We also could do a lot in terms of, you know, exchanges and educational visits back and forth. Some of that, again, is underway. You certainly wouldn't want to cut that off.

Another key issue, I think, would be to move forward, and this requires, of course, both sides need to sit down seriously, they've begun, and work out a deal on property claims. I'm sure Richard will have more to say about that, he's written very important report that lays out all the different issues and how to resolve them. But if they wanted to, they can move quickly and create constituencies here in the United where – that would then have a real interest in having the embargo lifted. And as Richard said, ultimately it is the embargo that is preventing US businesses from having a fair shot at competing on the island, and until that changes there's only so much that the president can do.

PITA: Did you want to say anything about what Ted just mentioned?

FEINBERG: Well, I think if you want to talk concretely about the Trump administration, what they might do, you know, I completely agree they should build on what's been accomplished so far rather roll it back. This idea of rolling back – there's a core group of stalwart Cuban-Americans who just really hate the regime, they're driven by emotion, by vengeance, but they just have a very negative attitude but they don't think through causality: how can what we do promote more positive change in Cuba? They're not thinking logically, rationally, it's just driven by pure emotion, negative emotion. Hopefully we don't go back to that sort of dark hole.

Ted and I will shortly be publishing a piece looking at a possible deal that the Trump administration, we think, could strike with the Cubans, solving these property claims. There are something like 6,000 authorized claims by US citizens, mostly small-scale private citizens plus some corporate claims, two billion dollars' worth, that could be settled, and we've laid out precisely how that could be done to the satisfaction of both sides. Both sides agree on anti-terrorism, Cubans and of course the incoming Trump administration. The Trump folks have said they want to see more economic reform on the island but if you go backwards and close off these travelers, American tourists, who are engaging with the Cuban private sector, how does that promote economic reform? It stalls it. The Cubans have said they want to move forward on opening up to foreign investment and domestic private enterprise. They could do a little bit more. So in the area of religious freedom that the incoming folks have said they're interested in, are they aware of the fact that three Catholic popes have already visited the island? Are they aware of the fact that many US evangelicals organizations actually have a significant presence on the island? I think agreements on religious freedom are also possible. So that's quite an elaborate set of

issues on which we think a deal could be struck, if the great dealmaker actually wants a deal as opposed to falling back on unfortunate negative rhetoric.

PICCONE: And then of course there's one big issue that's still remaining, and that is the issue of human rights and democracy, and I think that is what the pro-embargo folks constantly refer to. They cloak their enmity in the concern for human rights and it's a valid concern, you know, if you look at Cuba there is, of course, and if you look comprehensively at the question of human rights and you include economic and social rights, certainly the Cuban state has delivered a certain level of economic and social rights for its citizens, but on political and civil rights, and particularly freedom of expression, freedom of the media, freedom of association, they do not comply with international norms that they themselves, the Cuban government, have adopted as part of their law. So that needs to change. I think most people honestly would agree with that. The question is, how should the United States try to encourage that kind of change, and if we're doing it in a way that's about punishing in effect not only the regime but the Cuban people, that doesn't work in this case. It might work in other cases, it doesn't work in this case, and we ought to try a longer-term view, a policy of engagement and we'll over time, I think, see what the Cuban people want which is more freedom in their lives. They want to have more of a say, but they're not prepared, I think, to take up arms to overthrow this government, and so we have to work with that and acknowledge that.

FEINBERG: Yeah, so maybe in my final point, you know, following up on that, is that is it in the US interest to in effect promote regime collapse and civil war and bloody denouement in Cuba, which could easily result in immigration crisis, you know, in the event of massive bloodshed, literally hundreds of thousands of Cubans trying to jump on boats

and yachts and come across the Florida straits; a situation which is the worst-case scenario could in effect once again have US Marines on the island of Cuba. Surely that is not the goal that we should be seeking, right, so we have to be talking about a gradual soft landing. In my book, *Open for Business: Building the New Cuban Economy*, I interview a dozen Millennials in Cuba, and they all look forward to a more normal Cuba; normal defined as a situation which bright young people can realize their talents either the private sector the public sector, however they choose; they want to travel back and forth to the US to do contract work, for example, that would be normal, without problems; and normal also means politically, although they may not spell out exactly what future Cuban political system might look like, it would be a more normal a more decentralized system in which authority is spread more throughout the political system than has been under Fidel Castro.

PITA: Alright, that is a good wrapping up point. You can find both of our guests on Twitter. Richard is @rfeinberg2012 and Ted is @piccone_ted. You can also follow Intersections and the Brookings Cafeteria and the rest of the Brookings podcast network @policy podcasts. And we always encourage you to subscribe through iTunes or whatever your favorite podcast app is. Gentlemen, thank you both very much.