

American Universities Field Staff



**REPORTS
SERVICE**

ASPECTS OF THE CUBAN ECONOMY

Part IV: National Institute for the Tourist Industry

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The National Institute for the Tourist Industry (INIT) is called a revolutionary institution by the Cuban revolutionaries, most of whom know better. El Instituto Nacional de la Industria Turistica is about as revolutionary as Teddy Roosevelt and Yellowstone National Park.

INIT and its sister agency INAV (National Institute of Housing and Savings) seem new to Cubans because in pre-Castro Cuba there were few publicly developed recreational centers and few low-cost public housing projects. Actually, both date their origins to pre-Castro Cuba. INAV was preceded by Fomento de Hipotecas Aseguradas, an autonomous housing authority to stimulate the construction of low-cost housing developments. Before INIT there was the Cuban Tourist Commission to promote resorts of all kinds.

The two agencies as they function in Castro Cuba are novel only in their scope and direction. Their announced goals--to make Cuba a better place to live in and to visit--far from being revolutionary would be acceptable to the most conservative of mid-20th-century societies.

INIT accepted an impossible task when it took over the management of money-losing hotels

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that had been erected for a North American tourist trade which Castro's politics and policies frightened away. This was an expensive holding operation and a hopeless one.

At first, in a vain hope to revive tourism, millions of dollars were spent in advertising campaigns benefiting only the United States magazines that carried the attractive layouts which failed to attract. Millions of pesos were spent on maintaining tourist facilities that had been seized by the Government.

Some have estimated that in 1959 the Cuban Government spent the equivalent of \$30 million to support hotels, to finance INIT, and to pay for advertising and promotion (including the Havana convention of the American Society of Tourist Agents but not including the later costly and rather useless convention of Latin American tourist representatives).

Hotel rates were slashed, transportation fares refunded, fiestas staged, guides provided, and newsmen given cost-free junkets. And still the tourists stayed away. The revolutionaries blamed a reactionary press in the United States. They should have blamed Dr. Castro's oratory and foreign policy and his busybody security forces.

The Cubans charged with maintenance of tourism may or may not have known that, regardless of Castro's effect on the travel-minded American public, Cuba's net income from tourists had by no means been so lush as it might have seemed to a casual visitor.

The sprouting of \$50-a-day hotels and the heavy play in Havana's casinos during Batista's final years of power hid the fact that Cuba had not been holding its own in the business of attracting free-spending foreigners.

In 1951 Cuba had 31.7 per cent of all tourist business in the Caribbean area. By 1957 the figure had dropped to 25 per cent.¹ The opening of the Havana Riviera, the Havana Hilton, and other hotels after 1957 had promised to lure more travelers. But the Castro insurrection of 1958 and the Batista countermeasures dampened the enthusiasm of prospective visitors.

Batista had made investments in hotels and resorts attractive to foreigners in an effort to erase Cuba's deficit in tourism. The sad fact was that in most years of the 1950's Cuban travelers spent more abroad than visiting foreigners spent in Cuba. During the administrations of Presidents Grau and Prio the deficits were: 1946 - \$18,000,000; 1947 - \$31,300,000; 1948 - \$33,100,000; 1949 - \$12,000,000.² Deficits were registered under Batista

¹ Voyles, Robert J., The Tourist Industry of the Caribbean Islands, Miami: University of Miami Press, 1956; Simonsen, Svein Winge, Estudio Sobre El Turismo en Cuba, April 1959.

from 1952 through 1955, but declined from \$13,000,000 in 1952 to \$3,000,000 in 1955. In 1956 Cuba enjoyed a favorable balance of \$4,300,000 and in 1957, \$10,000,000.

In the years of 1951-57 the annual number of visitors to the Caribbean area rose from 684,000 to 1,375,000. The number visiting Cuba rose from 217,000 to 349,000. Thus while the entire area enjoyed an increase of more than 100 per cent, the number of Cuba's visitors increased only some 60 per cent.³

The administrations of Presidents Grau and Prío did little to improve the flow of tourists to Cuba. After Batista seized power in 1952 there was an effort to compete for the travelers who were visiting the Caribbean area. Batista brought several new hotels to Havana, although at heavy cost to the public treasury. During his dictatorship the Havana skyline changed materially with the construction of residential hotels and apartment buildings.

The Castro Government's reaction to the precipitous 1958-60 decline in the tourist trade was in the pattern of other pronouncements of the regime. Having blamed the United States press for the drop in visitors, the Government also charged that Cubans who traveled during Batista's regime were exploiters of the proletariat--capitalists, grafters, speculators--spending their ill-gotten gains.

The fact was that the Cuban middle class liked to vacation in the United States, and the travelers of this class, rather than the Batista millionaires, accounted for most of the \$55,000,000 to \$75,000,000 annually that Cubans spent in the United States.

Having seen its dreams for a mecca for dollar-laden tourists vanish, INIT continues to manage and support moribund hotels and resorts and at the same time indulges itself in a monumental expansion program. This program may be more canny than it appears at first glance. If by a miracle international tourism revives, Cuba will have a better establishment to care for the visitors. Meanwhile, luxury spas are being opened to domestic tourists of modest means, and new resorts are being built for workers who can be counted on to praise and support Castro for the blessings he has brought them.

Typical of this aspect of the INIT program is a project being rushed to completion in Varadero, which has been a well-developed, one might say over-developed, resort for many decades. Its incomparable beach is lined with Victorian homes and hotels, charming in their way, but blocking access to the sand and water for several miles. Unlike similar places in Western Europe and the United States, there have been no areas reserved for the general public.

² International Monetary Fund Statistics, 1950. Partly misleading since tourist expenditures by Cubans in the United States reflect undeclared capital exports.

³ See footnote number one on page 2.

Now the INIT already has taken over such establishments as the Varadero International Hotel, offering rooms at 15 pesos a day as against the old rate of 50. Meanwhile, INIT is spending 15 million pesos on a center that ultimately will have 1,200 living units, 300 of them in small houses and the remainder in apartment buildings.

Some 600 apartments were to be ready this month when the Cuban season is at its height at Varadero and during the autumn 200 of the houses should be delivered to poor families of the area, free and with furnishings. The other 100 are to be rented at from 40 to 60 pesos a month. The apartments will be rented during the 1961 season at 20 to 25 pesos a week. In addition, INIT is constructing a series of locker rooms and showers in the Varadero city park --8,000 lockers to rent for about 15 cents a day.

Abraham Macigues y Macigues, the young man in charge of this work for INIT (under the general supervision of INIT's Varadero delegate, Navy Captain Mario Ramirez) foresees a new kind of Varadero Beach, filled with the poor and lower middle class of Cuba who never before could afford the rentals sought during the summer vacation. "Small houses and apartments have rented here for 250 pesos a month and up in June, July, and August," he said, "and there were not enough available even at that price. INIT believes the thousands of workers living within a few hours of Varadero will be able to use the beach."

Castro through INIT and other "revolutionary" institutions has rushed into the construction of public beaches (72 were under way at one time in early July), motels, hotels, pavilions, cottages, lockers, showers, pools, national parks, roads, a dozen "sports centers," and swamp drainage, all done through overtime labor, seven days and seven nights a week (to meet some arbitrary deadline fixed by Castro) at great expense, as if he felt his time in office was to be so short that the program must be completed before the autumn of 1960.

He has seized clubs, land, and private homes--92 of the latter were turned over to INIT in June, 32 of them in the beach suburb of Havana called Tarara--and converted them into low-cost recreational centers, and by now nearly all the hotels on the island are government-run. The prime object, no doubt, is to convince the Cuban masses that the Revolution can produce tangible benefits quickly and therefore the cost isn't important to Castro.

If Castro is able to survive the economic crisis that looms as a result of his having flouted the United States market for the island's sugar exports, he may owe his continued political life to the people's gratitude for the benefits they may have received through the agencies of INAV (housing) and INIT (resorts).

