

American Universities Field Staff



REPORTS  
SERVICE

ASPECTS OF THE CUBAN ECONOMY

Part III: National Institute of Savings and Housing

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This publication is one of a continuing series on current developments in world affairs written by associates of the American Universities Field Staff. It is distributed by the AUFS as a useful addition to the American fund of information on foreign affairs.

AUFS associates have been chosen for their skill in collecting, reporting, and evaluating data. Each has combined long personal observation and experience in his foreign area with advanced studies relating to it.

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If there is anything Dr. Fidel Castro is against, besides Fulgencio Batista, "Yankee imperialism," Dwight D. Eisenhower, Roman Catholic priests from Spain, United States Ambassador Philip Bonsal, Generalissimos Trujillo, Franco, and Chiang Kai-shek, and the Presidents of Guatemala, Columbia, Brazil, Argentina, Chile, and Peru, it's gambling, an old Cuban custom.

When he took over Cuba, he closed Havana's casinos to everybody but tourists. He felt even more strongly about the lottery, a lucrative racket exported by Spain to its colonies. The weekly drawing of lucky numbers had been one of the assured sources of graft for Cuban politicians for generations and one of the vices of the Cuban poor, depriving infants of their nourishment and landlords of their rent. (The rich also were ticket-buyers, but presumably at less cost to families and creditors.)

Soon after he gained control of Cuba, Castro converted the lottery not only into an honest game of chance but also into an investment trust and housing scheme.

This exemplary reform was entrusted to an agency called INAV, El Instituto Nacional de Ahorro

[IPP-9-'60]

y Viviendas (The National Institute of Savings and Housing), and to a remarkable woman, la Señorita Pastora Núñez, who is known from one end of the island to the other as Pastorita. Her INAV is one of the best organized, most efficiently operated, and most shrewdly publicized government institutions in Latin America. Both the scheme and Pastorita deserve more success than they have achieved.

Although the semantics of the Revolution have eliminated lottery tickets, a Cuban can still indulge his love of gambling by buying a 5-peso INAV bond or a fraction of one. The bond looks almost exactly like the lottery ticket he used to buy and he can cash it in for a substantial prize if he holds a winning number. After the drawing in the nonlottery, the bondholder may choose to hold his bond as an investment or cash it to recover a portion of what it cost him. Unfortunately for the success of the savings aspect of the INAV program, even Pastorita's high-pressure salesmanship has been unable to convince enough Cubans that saving is more fun than gambling. They are more interested in the weekly prize of 100,000 pesos and the thousand additional prizes of 100 pesos each than they are in keeping what could be a profitable long-term investment (provided the Castro regime doesn't wreck the Cuban economy). As a result, INAV's plan for creating a large fund to finance low-cost housing has met with negligible success.

Cubans have been cool to the enticements offered to bondholders under the nonlottery scheme. The cash surrender values of bonds that have not won prizes are as follows: less than a year after the prize drawing--40 per cent; more than a year--50 per cent; more than two years--60 per cent; more than three years--75 per cent; more than four years--90 per cent; more than five years--110 per cent; thereafter the bond, revalued at 110 per cent of its face value, will draw three per cent interest for two years and then, if still uncashed, four per cent.

INAV has made no changes in the drawing of winning numbers, a traditional Saturday night event. It claims, however, to have eliminated the skulduggery that used to go on between the time of the drawing and the announcement of the winning ticket holders.

The chrome-finished equipment for spinning the numbered balls after their roll has been called by the judges, is on a platform in a brightly lighted room anyone can enter. A blindfolded little girl makes the final selection from a glass bowl after it has been filled mechanically by the pellets ejected from the whirling containers. Many witness the event and the verification of the numbers as they are posted on a large sheet visible to the audience. INAV merely has inherited these methods; they are no less and no more honest than they were under Batista. Between March 15, 1952, and December 31, 1958, 14.8 million lottery tickets were sold at minimum prices of 15 pesos each, for a total of 223.2 million pesos. The National Lottery administration cost 8.9 million pesos leaving a "profit" of 114.9 million pesos for various charities.<sup>1</sup>

It is INAV's contention that the bulk of the "profit" destined for charity was stolen. Political administrators of the old lottery also often "bought" winning tickets after the drawing. There always are tickets left unsold; if their numbers are known, the vendors holding them can be located quickly by the Lottery administration; and if there is a delay of some hours between the drawing and the publication of the winning numbers, politicians and administrators can, and apparently did, make a killing every week. There is no delay under INAV; moments after the winning numbers are made known in the drawing room they are given to the press, radio, and television and become available immediately to all interested Cubans among whom, no doubt, are the vendors holding unsold bonds.

Although INAV has failed to convert the gambling Cuban into a bond buyer, Pastorita's housing program is going great guns, mainly on credit and "loans" to INAV from the National Bank of Cuba, i.e., the Cuban Treasury. INAV credit is obtained without the consent of most of its creditors--the contractors hired by Pastorita to build her houses. Many of these gentlemen are said to be unable to pay off their bank loans because of Pastorita's unavoidable slowness in paying them. Figures were unavailable, but Pastorita admitted when I saw her that she was having trouble finding the money to pay some of her principal contractors.

Pastorita is a short, dark, buxom Cuban from a poor family. Now in her thirties, she started her climb by joining Fidel Castro's rebels in the Sierra Maestra mountains at a time when girls were warmly welcomed by his young bearded warriors. She is said to have been a clerical worker in the Cuban branch of a large United States manufacturing company. She most definitely has shown a preference for United States machinery and methods in operating INAV. When I visited her institute in the company of her executive secretary, also a woman of ability and skill, several complex calculating machines were being explained to their operators by instructors supplied by the United States manufacturer. I was told that "about a million dollars" was invested in new equipment, all from the United States. I don't know whether or not the exporter is one of Pastorita's many worried creditors.

I do know that Pastorita is tireless in promoting her bonds and houses. She has surrounded herself with a largely feminine staff of expert publicists and social workers; the former publicize not only INAV and its housing program but also Pastorita and her appearances and speeches at dedicatory ceremonies, usually several weekly. They write the speeches which she delivers in an earthy manner delightful to hear and seemingly popular with the Cuban

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<sup>1</sup> Statistics were supplied by INAV. A surcharge of \$3.00 per ticket was made in these years by the Lottery administration and this would amount to an additional \$44,640,000 but INAV's report is not clear as to whether the larger sum called "profit" includes the surcharge. According to INAV, the prizes in this period totaled \$99,416,000.

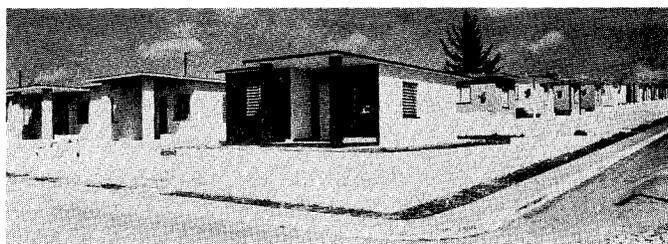


Pastorita participating in dedicatory ceremonies.

An INAV project in Havana.



Typical INAV houses.



people. It is quite possible that next to Castro himself Pastorita is the Revolution's best liked official.

She is almost as colorful as Castro and Cubans admire her figure which she encloses in tailored, skirted uniforms. Sitting in her handsome office in the Plaza Civica, a stone's throw from Castro's suite in the adjoining building, Pastorita is doing her best, as I told her, to enlarge the urban middle class, while her boss seems to be doing his best to destroy it.

Pastorita doesn't seem interested in ideology or the class struggle. On being told she was the Revolution's leading capitalist she seemed genuinely puzzled. "People need houses, don't they? It's better if they can own them, isn't it?" She would make an excellent public housing administrator in any country.

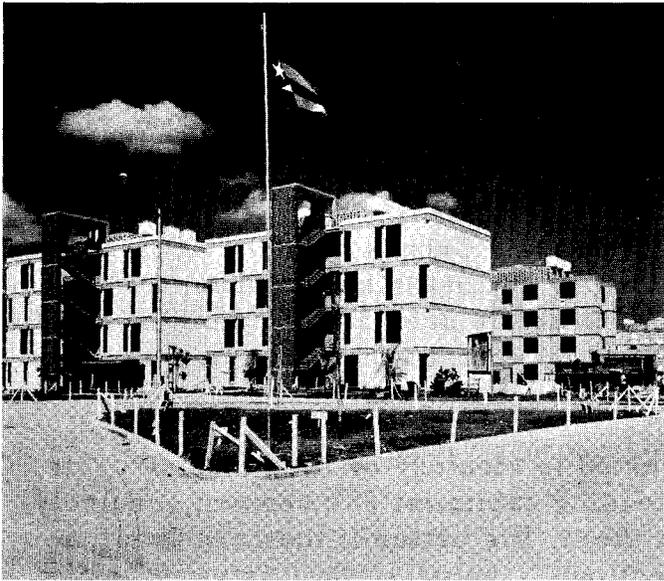
That doesn't mean Pastorita isn't a politician. In theory the houses and apartments of INAV go to the most deserving persons with Rebel Army men getting preference. The social workers are there to see to it that political strings aren't attached to these desirable homes, to be had at prices well below the going rate. But politics, I discovered, rears its ugly head even in Pastorita's admirable institute.

In Santiago de Cuba, a young lady reporter of the Sierra Maestra newspaper (probably Cuba's most Communist-oriented periodical not bearing the label of the hammer and sickle) took me to see the INAV home she had acquired, explaining that she had obtained it "as a representative of the press." She told me that an INAV house had been "assigned" to her newspaper and she had been fortunate enough to be selected as the owner in view of her imminent marriage. She said INAV homes had been "set aside" for "representatives" of "the various trade unions and revolutionary groups." This is a violation of INAV rules but it probably is a widespread practice.

INAV housing is supposed to go only to applicants who meet with the approval of social worker-investigators applying INAV rules. They are to be handled strictly in the order of their applications except that veterans of the insurrection get priority. There is no nonsense about INAV--its rules and regulations are stated in plain language anyone can understand and are made available to everyone in handsome, simple, clear question-and-answer booklets.

INAV is nonpolitical and impartial (with the exceptions already noted). An applicant must show need; be a Cuban citizen; have bought an INAV bond (lottery ticket); be over 21 years old; be earning his living; be able to meet monthly installments set at no more than a third of the family's income; be of good character; if married, have a "legal" family and if unmarried, widowed or divorced, be supporting a family.

An applicant must submit birth records; police records; a certified and



One section of INAV's  
East Havana project.



Pastorita and  
Castro confer.



Widow and children of an  
executed "war criminal"  
getting an INAV house in  
Camagüey.

signed recommendation from his employer including a statement of salary; two photographs; a marriage certificate; medical certificates if the spouse is ill. With the application and documents in hand, the social workers--who are college graduates and specialists--get to work. They visit the home of the applicant, interview employers and neighbors, study the situation and come to a conclusion as to the applicant's need for INAV housing. Their reports go to supervisors, the applicants are interviewed, and a decision is made. If it is favorable, the applicant's name is entered on the list of those awaiting housing.

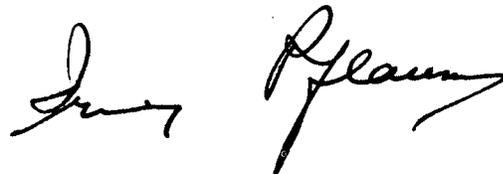
The financial condition of a successful applicant determines the INAV terms. Houses and apartments range in cost from 3,500 pesos to 4,000; there may or may not be a call for a down payment; and the buyer is given 18 to 25 years to complete his payments.

The minimum monthly payment is 10 pesos and the average is 35; the buyer may pay as much as he wishes each month. He may also choose between an apartment and a house. If he owns a lot or is buying one in an area where there is an INAV project, the agency will build the house for him, once he has title to the land. If he has already started construction, INAV will complete it. After buying a house through INAV the owner has fee simple title so that a beneficiary may inherit the property. However, the owner may sell the property only to a buyer who has been approved by the agency.

Thousands upon thousands of small houses (INAV has 80 models) have been built and sold; thousands were under construction as I wrote this report; thousands were ready for occupancy but not yet occupied (INAV has red tape too); and scores of multidwelling structures were nearing completion. On INAV's first birthday, in March 1960, Pastorita said that 10,000 houses had been built and delivered, that 27 were being added daily, 833 a month. She said there would be 20,000 more INAV houses built in 1960-61.

INAV's largest single development is "East Havana" some 15 minutes from the old city via the harbor entrance tunnel. Its more than 60 buildings (some nearing completion) will house thousands of families. Some of the buildings will be ten stories high; others four or five. A school, playgrounds, stores, and beach facilities are included.

"East Havana" unfortunately may encounter a water shortage. The area had been surveyed by private interests many times in the past; Batista, who developed the tunnel, reportedly had thought of investing in what clearly would become a desirable suburban neighborhood on the sea. Water shortage is said to have discouraged all investors--except INAV.

A handwritten signature in black ink, appearing to read "James P. Glavin". The signature is written in a cursive style with a long, sweeping underline.