



***Comments made by Dr. Teo A. Babun, Jr.
Cuba Reconstruction: The Critical Issues
Riviera Country Club, Coral Gables, Florida
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(Comments made by Dr. Babun to conclude the conference)

To summarize some of what has been said:

After hearing all the speakers we can summarize that the Cuban government seem to be facing some difficult tasks between the need to improve the economy and maintaining political control. Too rapid economic reforms may lead to an unraveling of political control. Therefore we would not be surprised if they choose to provide more consumer goods to the population, including food, but make very small or no structural economic changes.

But besides economic problems, the country is also facing urgent problems such as decrepit housing, corruption and a young people who are alienated from the political process and are eager for a better life.

Many young persons and other Cubans want to migrate to the United States. Just last week the Coast Guard announced that the immigrant flow to the U.S. is growing in proportions not seen before, and the rate of request for visas at the US Interest Section in Havana more than two million Cubans want to move permanently to the United States.

These are formulas that could catalyze into an implosion.

Without Fidel Castro the Cuban regime faces a problem of legitimacy. Because to a certain extent in varying terms (Fidel Castro's) charisma is legitimacy; it sustains the government. Without Fidel Castro that does not exist. And probably the Cuban regime will go through a form of more rational legitimacy, which would be a democracy.

A post-Fidel government faces the difficult task of economic reconstruction. Cuba's extreme dependence on Soviet bloc trade for forty years created an artificial economy, which has disappeared. Cuba does not have a viable economy of its own. As nearly every category of imports keeps shrinking, a vicious cycle of poverty grips the country. Petroleum from Venezuela's Chavez, tourism, nickel, and remittances from Cuban-Americans are keeping the economy afloat.

In addition to these difficult economic realities, a new Cuba will need to deal with the reclamation process for confiscated properties. Cuban nationals, Cuban Americans, and foreigners whose properties were confiscated during the early years of the revolution will want to reclaim them or will ask for fair compensation as soon as this becomes feasible. The process could be simplified by using examples of successful programs from Eastern Europe, or could get as complex as the Nicaraguan example.

If/or when a transition begins to take place, there will be issue that we (as people interested in the future of Cuba) will have to face and help resolve, they include but are not limited to:

- The severely damaged infrastructure which is in need of major rebuilding. For example, the outdated electrical grid cannot supply the meager needs of consumers and industry, transportation services are woefully insufficient; communication facilities are obsolete.
- The pent-up hatred and resentments that Castro's communist rule has nurtured. Political vendettas may be rampant, and differences over how to restructure society profound, and factionalism in society and the political process common.
- Acceptance of the law as a way of life-Cubans have been conditioned to steal, lie, and engage in all types of illegal activities simply to survive. Developing a value system compatible with a democratic, free-market society will be a complicated and lengthy process.

I am personally very hopeful of seeing democracy re-establish itself; it happened in Germany, it happened in Czechoslovakia, it happened in Hungary, and it happened in Poland. I don't see why it shouldn't happen in Cuba.

Perhaps, discussions such as the one we had today and announcement such as the Mr. Herzfeld's Caribbean-Cuba Hedge fund to help leverage Cuba's

reconstruction, will be useful as a serious strategic step towards to prepare us for what is to come in the near future.

Thank you for attending and please remember the hand-outs at the back of the room.