

THE BROOKINGS INSTITUTION

CHALLENGES TO URBAN REVITALIZATION IN HAVANA, CUBA:

A CONVERSATION WITH EUSEBIO LEAL

Transcript based on simultaneous translation

Washington D.C.

Friday, September 13, 2013

Introduction:

HAROLD TRINKUNAS
Senior Fellow and Director, Latin America Initiative, Foreign Policy
The Brookings Institution

Moderator:

TED PICCONE
Acting Vice President and Director, Foreign Policy
The Brookings Institution

Featured Speaker:

EUSEBIO LEAL SPENGLER
Havana City Historian
Director, Old Havana Restoration Program and Historical Center

Commentator:

FRANCESCO LANZAFAME
Senior Housing and Urban Development Specialist,
Institutions for Development Sector
Inter-American Development Bank

* * * * *

P R O C E E D I N G S

MR. PICCONE: Good morning, everyone. And thank you for your patience as we get going this morning. I'm Ted Piccone. I'm the Acting Vice President and Director of the Foreign Policy Program. My research work has been focused on Latin America for many years, and for the last few years, I've had the pleasure of getting to know Cuba a little bit better, and I've had the chance to immerse myself in many of the challenging issues that confront U.S.-Cuba relations, and Cuba itself. And I'm really pleased today that we could turn to this subject again, and welcome our guest for this conversation.

So, thank you for coming.

But, I'm actually going to first welcome our new director and Senior Fellow for our Latin American Initiative, who will present the rest of the panel.

Dr. Harold Trinkunas is, as of this week, as I said, our director for our foreign policy work on Latin America. Harold comes from Monterrey, the Naval Postgraduate School, where he was associate professor and chair of the National Security Department. He has longstanding academic and professional and background in areas of democratization, security, defense, terrorism-financing -- a number of important issues -- most recently, the role of Brazil, the rise of the Brazil in

the region, and what impact that's having on the geopolitics of Latin America and its relations with the United States.

So, I'm very pleased to welcome Harold as our new director, and ask him to join me to introduce the rest of the panel.

Thank you. (Applause.)

MR. TRINKUNAS: Thank you, Ted, for that very gracious welcome. And I'd like to welcome all of you to Brookings, and to this latest event of the Latin America Initiative, "Challenges to Urban Revitalization in Havana, Cuba: A Conversation with Eusebio Leal."

This is part of an ongoing project that Brookings and the Latin America Initiative have been carrying out, designed to foster an exchange of ideas between U.S. and Cuban scholars and experts on matters of public policy. And I'm very happy to be joining it, even if midstream, to learn a great deal more about the issues that face Cuba and the United States.

It's really designed to learn from the reform and restructuring experiences from across the hemisphere, particularly in economic and social issues. And today, we're turning to issues of urban policy -- particularly those raised by the efforts to revitalize Old Havana, and address the challenges faced by the newer parts of Havana. This is obviously talking about the dynamic that Havana is experiencing with the

emergency of new public and private enterprises, particularly those associated with tourism, against a background of the urban environment and infrastructure.

It's really our privilege to have with us Eusebio Leal to lead the discussion on urban revitalization in Havana, and the challenges facing Cuba's urban planners today. Eusebio Leal is the Havana City Historian. He's the director of the Old Havana Restoration Project. He's also served as the director of the Museum of the City, the president of the National Commission of Monuments, and has served as a member of the National Assembly.

He received his doctorate in historical sciences from the University of Havana, and also has a master's in Latin America, the Caribbean, and Cuban Studies.

I note from his biography that he comes to us with over four decades of experience in working on the history of Havana, and on the restoration of its urban environment. This includes the restoration of the Government House, the Palace of the Captains Generals, the Havana Town Hall, as well as Havana's fortresses. I also note that he has very full academic career, having served as professor and dean -- an unenviable position, for those of us who know the academic world -- but an especially

important one. And he's the author of numerous books and articles on Cuban history, on art, and on restoration.

I'd also welcome, to comment on -- to participate in the conversation with Eusebio Leal, Francesco Lanzafame, from the Inter-American Development Bank. He currently serves in the Fiscal and Municipal Management Division of IDB, and his work focuses on housing sector reform, urban rehabilitation, and the design, monitoring, and evaluation of IDB-financed projects involving these issues. And before that, he worked with the U.N. Economic Commission for Latin America and the Caribbean.

And finally, our moderator today will be our own Ted Piccone. He's Acting Vice President and director of the Foreign Policy Program here at Brookings, as he noted himself, and been an expert on issues of -- is an expert on issues of democracy, human rights, international organizations, and U.S.-Latin American affairs. Obviously, served in a number of leadership capacities around Washington, including the Democracy Coalition Project, Department of State, Department of Defense, National Security Council -- but is also the author of a number of books and articles related to his own area of expertise, human rights and democracy.

So, I think I'm going to stop there and allow the conversation to begin. Welcome to all of our panelists.

MR. LEAL: [SIMULTANEOUS TRANSLATION]

Distinguished friends, dear friends who are here present, particularly my close friend, Andrew Van Home, Paul Cejas, and all others -- the Ambassador of Cuba, and all of those who are here and who have been so kind to attend this presentation this morning.

Fifteen minutes is very little time, but you can win or lose or battle in a single minute -- so, I will try to obviate what many already know, which is the historical background in the first part of the talk, and get straight into what we are saying right now, which is the platform of the historical center of Havana as it is promoted in the Bay with the same name. And we can observe the main lines of the restoration project. One, as you can see, goes along the Avenida del Puerto, the Avenue of the Port, and goes into that deep port.

The jetties that you see going out to the sea, or the piers, are being repaired one at a time, and remodeled, and converted. Some, like the last three -- well, two were suppressed, and new piers were installed. And there was a dredging effort of the bay area in order to prepare it for boats that could come in as a renewed and clean port, whose greatest potential will be to receive tourism from different parts of the world.

As of January, the area for the development of Mariel will begin. This will free up the historical Port of Havana of a series of facilities, some of which, little by little, such as the old oil refineries, will be re-situated in other parts of Cuba, guaranteeing the excellence and beauty of that port.

The other goes right into the Prado, and goes a bit beyond the Capitol, which is the large yellow block that you see at the end of the street called Paseo del Prado. In the middle, we see the two major streets that move from east to west and from north to south. These are Calle de Obispo and O'Reilly, and the Calle de Oficios and Mercaderes. And the four white blocks are the four plazas where the Theater of Restoration is resolved.

Let's begin with the national capitol, which was built from 1927 to 1929. It was the greatest work of Evelio Govantes and Felix Cabarrocas, architects. It was built for the celebration in Havana in 1929, of the Pan-American Conference that was attended by the presidents and heads of state, foreign ministers, including President Calvin Coolidge of the United States.

The Capitol was done in two years, even though the President received the keys in 1932, one year before the end of his authoritarian government. I'm referring to President Machado y Morales.

There, you have the workers at the frontispiece of the capitol, which looks like the capitol here in Washington, but it is as different as an egg is different from a chestnut, in my view.

Now, we see the main places or cultural centers that appear in purple in the map of the historical center, which is now perceived with greater clarity. And beyond the line of the Prado, one can see the areas of the perfect grid which is El Vedado and such. This is 75 tons done in Naples, the sculpture, by sculptor Angelo Zanelli, who created the altar of the Homeland in the city of Rome, under the previous cupola, the capitol in Havana, which is situated directly above the sculpture, the Library of Congress and parent of the library of Congress, and parent of the Hall of Sessions.

We'll now see the scaffolding coming up to the top of the capitol. I have imagined -- and I think it's very important to see it as such - - that once that is concluded, it will mark the beginning of a new period of restoration of the city and the country.

The most important thing of the capitol is that it recover its legislative function, housing in one wing, the north wing, the National Assembly, where the House of Representatives was, formerly. And, in the space of the Senate, one would have the Council of State.

The two sculptures that represent work as the key virtue of the people have begun to be restored. And seen from the central part of the building, we observe the technical deployment that's been necessary for working out the problems of an almost hundred-year-old structure.

All of the workers and young people trained in the school of restoration, which has 500 students at all times -- architects, engineers, and such -- are working to implement every detail conceived of by the architects. Here we see the copper pieces which are going to guarantee that the cupola will become what it was. The salon -- or lounge and cafeteria of the Senate are being restored. The old fine tiles are being restored there. And we observe the systematic demolition of all of the buildings that were built afterwards for elevators, technical conservation work, the placement of new covers and pavement -- or lining of the roof. At the same time, using modern technologies, we observe rectifying the capacity and resistance of the concrete and of the steel elements.

And then we will directly take on the issue of what moisture has meant in terms of leaks, or issues with the internal water service, without touching the marble or the rocks from western Cuba that were used for this.

The lamps, done by Tiffany in New York, like almost all of the decoration inside the capitol, have been taken down systematically

and worked on -- as we can observe -- by the team that has been trained to that end. But it's necessary to modify the entire area. The work of Architect Forestier was never implemented. The idea was that there should be a great avenue from the stairs of the capitol to the port, and this had something -- 50 percent of the buildings that we have are World Heritage.

The organized action of this restoration is a great challenge - - all the monuments around, including public clocks, monuments such as the monument to Jose Marti. And here, speaking of Marti, we here see the theater in his name. This is the theater that was built in his name. There, we see the current status of the works on the theater -- the idea is to complete it by the 15th of November -- or the palace of general president Jose Miguel Gomez, which is the institutional headquarters of the Alliance Francaise. The restoration work within the palace where two presidents of the republic of Cuba came -- the general and his son, both, Mariano Gomez -- the inauguration of this place as a very well recognized site in Havana is a reality.

We see the interior of (inaudible) near the great national monuments like the National Theater of Havana, which could be in Rome, Paris, or Berlin, and which has now been closed because of the restoration work, which will last two years, and it is well along.

Also, the situation of the networks for fiber-optics -- telephony, water, gas, and other -- plus other forms of communication and the corresponding subsequent location of the paving blocks, will give the historically significant appearance.

The visit of the Secretary General of UNESCO consolidated the principle that the project of Havana, given its social scope, the creation of jobs, and restoration of the memory of the Cuban people is a unique project.

Seen from the air, you can see the Bay of Havana as the key of a master key that opens up the Gulf of Mexico. You can see the platform of the bay, with the various colors which note the intervention in that space. So you can still see the clear mark left by the old walls which no longer exist, or no longer stand.

This is the dredging work and the beautification of the Bay of Havana, including the location of the crystal, where now one finds all of the technical aspect of the siphon of the port -- all of the wastewater that went out through the tunnel that was built in 1909, and which goes 1 kilometer out into the open sea. There, the water is purified, avoiding pollution of the bay. It has been so concluded, with the palm trees in the central separator, and the new floating pier, with sculpture and elements for an enjoyable outing.

This is from 1889, this pier, which has been totally repaired and changed. It is now the new brewery -- a new brewery. Here, we observe the interior part. It's capable of producing 21,000 liters, and around it are all of the rail equipment that has now been restored and collected from throughout the country -- 42 pieces, in all. In the back, one sees the San José pier, which is also from the time of Eiffel -- before, during, and now at present, as seen from the sea, with a very active internal life in the presence of hundreds of artisans who work there renting space. Or the new -- this new pier, as it is, and this is what it will look like by the end of next year, as a crystal box, with its structure, and that is where communications will be moving to the town of Regla.

And this is the works in the internal piers. We see the piers white. This is what we propose to do. WE have taken a look at every experience in the Caribbean, including in Puerto Madero in Argentina, and elsewhere, where similar port renovation projects have been carried out. One problem, such as the old electrical plant, could be resolved if we accept placing the Museum of Modern Art there, drawing on all of that old and beautiful industrial machinery, as has been done in the city of Monterrey, in Mexico.

The old castle, which is a place of pleasant memories for people of Havana, becomes an observation point -- including within it a

permanent exhibit of Alexander Humboldt which will be of great importance for the knowledge of Cubans.

And now, boats -- sailboats, large cruise boats, boats for outings -- are all going by the restored park.

Now how does that social life influence if we want to train young people -- as we see here -- to become part of the productive base? Young people ages 16 to 21? Well, they come to work on different ways, forms of restoration while -- for the population at risk, the elderly, disabled children, women who have problems raising their children -- there are new centers being established where restoration can contribute part of its economy, such as the old School of Ballet in the historical center, or these old palaces, which can be converted into, and already are, places of new housing -- because not everything can be a museum.

And this opens the way, as we now see, to new family initiatives -- housing that has been renewed and changed, rehabilitated, refurbished, places for disabled children, participation of children, and the three children's theaters that have been specifically created in the historical center. Visits to museums, shows in the plaza -- such as this, by the National Ballet of Cuba, which is well known -- or the appearance of persons in modern art events, or the urban statues which today appear in all parts of the world.

Here, with this unique apparel, or this light show, projecting a virtual space on the facade of the Cathedral of Havana at night, on the occasion of the visit of His Holiness Benedict XVI.

Now, what you see in blue here are the buildings that have been recovered by the public sector. And red represents new businesses that families have set up. More than 500 undertakings -- guest houses, small restaurants, small hotels, and now, with the establishment of urban coops, there's the possibility of many of those who graduated from schools to become cooperative members. That is to say, those who have graduated from the school of arts can undertake, pursue their arts as individual undertakings.

This is where Jose Marti and Felix Varela were both baptized, under the cupola of the old Presidential Palace, and before the new businesses that have appeared in this plaza.

This is the small plaza. It is the smallest plaza in old Havana, with a stone and a bust where Pinareño, who was author of the national public novel, *Cecilia Valdés*, was born.

And this is the issue of animals. Havana, Old Havana, is a city of dogs and cats, with a problem -- which is, each year, the office projects services for conservation of pets in good shape here. This is the

day of San Francisco, and we see the vaccination of practically 900 animals, with the support of Bayer, of the German firm Bayer.

And the new businesses -- here you see a cafe, a design center. And here we see hotels and houses providing various options, which compete very well with the already-constituted hotels.

This is the old barber who has turned his house into a museum. He has created a park for children, a school for hair-cutting, and he's promoted all the businesses in the school. Here you see all the different environments that he's created.

And here we see him at the different schools. He's been recognized by UNESCO. And next month he'll be in Oaxaca, at the convention of world heritage cities.

Works of theater, a very intense cultural life.

And these are bedrooms in private homes. Very kindly, they have all allowed me, for this promotion, to take pictures of their homes -- for all tastes, which also presupposes a great recovery of heritage. Because by becoming a great historical center, the owners obtain lamps and other -- and mirrors, and such, that enrich the heritage. Cubans will no longer depend on what their family members send them from the United States, or anywhere. These undertakings will allow them, for the first time, to begin economic movement with their own means.

Restaurants, such as this -- or such as this, some, quite famous. And constant preaching, because the live word cannot replace at all what people see with their own eyes, but it helps.

This is the annual festival of the City of Havana, in November.

And that's it. Thank you very much. (Applause.)

MR. PICCONE: Well, thank you, Dr. Leal, for that presentation. It's very exciting to see the continued progress underway in historical Havana and, beyond that, to the work that's going on in the port area. Can everyone hear me?

For those of you who may have been there, you know how vibrant it feels, and how there's been an exciting marriage of the past and the future in what's going on. And I think it's much to do with the vision of this man, and the contribution that he, personally, is making, and is pulling together various facets of, you know, a very complex system to make these things happen in really tangible, meaningful ways.

Let me now turn to Francesco, and ask you to make some comments from a comparative Latin American perspective, and any other thoughts you have, and then we'll open it up for some further discussion here, and then we'll turn to you all for some questions and answers.

MR. LANZAFAME: Thank you. I think that I will continue in Spanish. It is, I think, is better.

The truth is, it's always difficult to make comments on a case as interesting as is Havana. I think that it is unique in Latin America for several reasons -- first, because of the characteristics of the city. It is a large historical center, with a very high quality as a heritage. It has gone through a process of restoration, and as Mr. Leal said, I skip over all the antecedents, but it has been a sustained process over many years, which makes it unique in the region. It's been a pioneer because, as we've seen in the presentation, it has combined aspects of rehabilitation of architectural and monumental aspects, with entrepreneurial-aspect support from civil society -- in other words, a very comprehensive notion of heritage, including cultural industries, intangible heritage, preserving not only the physical patrimony, but also the intangible patrimony of the city in general, and the society.

And this experience has been useful for all cities. Indeed, UNESCO has evolved its own conception -- has moved from a conception of preserving a patrimony to "cultural landscape," as UNESCO has called it. And this is exactly in line with what Havana has taught us.

It is unique because it has had a planning process, a master plan, that has been the result of a consensus-based effort in the academic

world and in the business world. So it is really a unique example in Latin America -- unique and, for the same reason, irreproducible. It's irreproducible because of what we said before -- first, because there's been such a visionary person as is Eusebio Leal, who's been able to carry it out over a very long term, with a coherent point of view, and also, given the institutional aspect of the Office of the City Historian. Correct me if I'm wrong, but it has a rather thorough jurisdiction over the historical center, including decision-making over use of resources, over legal aspects, over (inaudible) of planning, negotiations with several actors. And this is exactly opposite, or very different from what happens in other cities where, in general, the local governments are divided up into sectors. You have to go to the planning department, the environmental department, the social (inaudible), traffic infrastructure. But there's not a single institution with such a comprehensive authority over a given territory, and such strong decision-making capacity.

So it's a very good lesson. I think there have been efforts to imitate it in other Latin American contexts, with many difficulties, of course. It's not really possible to replicate it.

Speaking a bit further on the Latin American -- without wanting to take too much time -- there are very few cases that are comparable with the case of Havana. Perhaps the case of Quito,

Ecuador, has had the most sustained process over time. It's been almost 20 years in which there have been efforts to refurbish the historical center. There have been efforts to set up a company to manage the central area, but it hasn't had the same coherence of approach. But, as I say, it's been a very valuable experience, from which one can learn many things.

It's impossible to mention all the other cases of cities in Latin America. But, the truth be told, there have been a large number of undertaken efforts to refurbish historical patrimony, historical heritage areas.

Now, we can also draw some more general lessons on urban policy. Havana's been a pioneer in giving us this lesson. Instead of an exclusively touristic view of heritage, it's a much more comprehensive approach. The idea is to integrate it into the urban part of the urban area. It's not just heritage itself, but as a factor for the city's social and economic development. I think this has been a very important lesson that all other cities have sought to imitate.

As the Inter-American Development Bank, we try to push cities a bit in that direction. It's not easy because of what I said earlier. There is not much understanding. The institutions, in general, prefer a touristic approach because the visibility is much more immediate, and one is looking to tourism to generate revenue more in the short term, setting

aside the importance of other aspects. Given the administrative organization of cities, well, this requires management. You need to know how to manage, if you're going to have rehabilitation. You need to have up-to-date information, and this is very difficult to obtain in many cities.

More recently, the whole issue of patrimony, or heritage, in the context of urban policy, has taken another step, or evolved along another way, once one began to talk about sustainable cities, and the sustainability of urban development. So, cities have been seen as a key actor for climate change, energy deficiencies -- and, once again, attention has been drawn to efficiency, and how well planned historical cities work.

And there's been a comparison of the compact city is more socially equitable, more efficient, using less resources, *vis-a-vis* a more dispersed city, which is more polarized, with many different forms of land use, much more energy, and so forth. The historical centers, in this context, are taking on greater importance.

In the case of Havana, given the impact not only on the historical center, but on all cities in Cuba and the entire country, has been a very good experience in Latin American context. We have to all continue paying close attention to it, draw lessons. And, beyond the successes or failures that one may have in any case -- for, in all urban issues, this is so -- the lesson of wanting to draw out lessons for dealing

with one's own problems is what Havana has persevered in doing, and what can teach us the most -- what Havana can teach us most.

MR. PICCONE: Great. Thank you, Francesco.

I'd like to turn back to you, Dr. Leal -- but let me follow up with some -- turning slightly to some of the challenges that the city is facing. We heard a lot about the lessons that the rest of Latin America, and perhaps the world, can learn from the success of the restoration to date. But you also see, when you go to Havana, some of the challenges all around the city, in terms of its infrastructure, in terms of public transportation, and in terms of housing. I think these are critical on the agenda.

And I'm just curious if you could widen the scope a little bit, of your presentation, and say a little bit more about how the city, in its master plan, is taking on some of those challenges?

MR. LEAL: Well, the first part, I had to leave it to the current moment, because last week I had spoken at much more length about this.

Well, in the first part, you see that dilemma. Oftentimes I've been asked, how do you do this? How can you pull a rabbit out of a hat? It's very difficult, particularly because there is an economic issue which is essential. Without an economic view, the utopia which is one's view becomes a fantasy.

Now, perhaps, I've had the good fortune to see both parts. When August came to a close and September began, we had been able to collect from our sources of direct income 120 million. Of those 120 million, almost 20 million we could apply immediately in both directions -- that is to say, first pure restoration, research, the -- no, less restoration of laboratories and workshops, which one doesn't see because, in a film, you can see, even the last participant, you can see who placed the flowers there, who placed the objects there. But in a museum, we only see the finished work, the painter or creator, and the date -- and maybe who gave it, the donor. People who work in restoration need ever greater resources and means, and that is the invisible work.

Also, the issue that was raised, there are buildings there where many families lived, for there was, at a given point in time, the old part ceased being the Wall Street of Havana, the port lost importance in exports and imports of goods, and it became, contradictorily speaking, the habitat of the neediest. And the palaces, which were the grand residences of yesterday, were always prepared, or in a position, to receive more persons, to the extent that -- or as the economic situation got ever more tough, particularly in the 1990s, many immigrants came to the historical center, an effort was made to control immigration to the city of Havana. Now, for the felicity of its future development, the city's

population is 2.3 million. If there were not these controls, it would be 6 million, with a huge marginal sector, and the problem would be impossible to deal with.

The problem is inside. As I say, the city is covered by a veil of decadence. But once you scratch the surface, the monumentality and beauty of the city emerge. That requires investment.

Now, for the networks which have been 34 -- or grids, 34 kilometers, we've had to have a government loan, because we could not draw away something so large from our own resources -- housing, restoration of schools, support for hospitals, support for the population in the historical center who were suffering from many needs. I would say that the housing issue was the most anguishing. And, always, great risks come up there -- climate changes, the hurricane. Last year, the hurricane that hit Santiago de Cuba, in a single night it destroyed 140,000 dwellings. It could have happened in Havana. If it happened in Havana, we'd go back to the lower Neolithic period, and I'd have to paint a cave, like at Altamira, in order to begin history once again.

Now, I'm psychologically prepared for that. That is to say, I'm not saying I'm not. I'm prepared for that -- and for any circumstance. The thing is, personally speaking, I don't have that much time.

Now, today there are others who can continue. I have a TV program, which is quite serious, to talk about the city. And some young people have come forward who talk about Havana, in their T-shirts. And, at first, it bothered me a little bit. Then I said, quite to the contrary, this is - - young people are thinking not like their parents, but rather like the time that corresponded to them to live. So this means that the word has been cast to the wind, but it has landed in them. It has resonated with them.

When the new undertakings began, I became very happy about it, because this is reinforcements coming. Cubans no longer, as I said, live from what might be sent to them. Nor are they going to resolve their own problems with their own work. Money is now moving. It is moving -- not only as the result of the presence of that tourism, which we cannot demonize, but we do need to contain it in the only way that it could be done. For example, in the old plaza, housing was built all around it, and a school -- a school with 500 kids, primary school kids. That is a sort of like "stop there and note: we are studying" -- because tourism is all absorbing. And in certain cases there is predator tourism. When there are countries with economic needs, tourism creates huge problems of all sorts.

We have tried to deal with all of those issues. We have tried to strengthen the cultural core which, at the end of the day, is what stops, and, at the end of the day, is what preserves.

It's very complicated. I'm not saying this is easy. For me, it's difficult, especially because we're like the cat who's trying to grab its tail, or a dog -- desperately, but is not able to seize it. And that's what Francesco was talking about. And I also heard, when Francesco represents a bank, so I started thinking, well, this sympathetic view on his part of my work made me think, well, perhaps the bank is willing to grant us a loan on soft terms, and that could be renewed. But I recall an ambassador, who I wasted the whole day with, at the end of the day he told me I was -- he said, "You can ask up to -- even for my blood, but not for money."

So, we had to resolve the economic problem. We had to create a respectable basis. There is a Latin expression, "I will help the strong." You have to be strong so that the hand that is extended out can be a corresponding aspect with dignity. Swiss cooperation is helping out with housing. The Spanish international cooperation agency is helping me with sanitation projects and instructors. Italian cooperation has begun, with the possibility of supporting us with a given objective. Belgian cooperation, as we -- having studied the master plan, the federal states, or

in the case of Spain, the autonomous communities, can carry out individual projects. And with the United Nations, through the United Nations development program, UNDP, they have looked at this project with great interest because they say, well, there's no -- you cannot have development without culture.

When development goes without culture, it becomes decadence. It becomes decadence. It must always be done with a cultural vision. The developmentalist view, alone, does not lead to good results -- particularly in young countries such as our own. So, let us not dismiss that cooperation. It's an exercise.

But the fundamental thing I have to say has to do with what you put to me, which is the need to focus that. I'm asked: Why just in Old Havana, and not the rest of Havana? Well, we have works in different places, exemplifying works, trying to situate examples in the university, at the cemetery, at public monuments, trying to show that.

There's also been deterioration of urban customs. Man thinks how he lives, and he lives how he thinks. When you live in the middle of a ruinous situation, it's very difficult to go forward with a luminous idea.

So that's the challenge. That will only be resolved when, in my view, we can have an ongoing and noble dialogue between all that we

are trying to do. Here in the United States, both nations share part of each other's history, which neither can do without. So it is necessary to bring the example here. I will soon be at the Preservation Society. I have any number of friends there.

There is great interest in this experience. I'm very in their experience, and we share concerns, likewise, with the Smithsonian, with whom we have compelling interests in all respects.

I think that cooperation is important, exchange of ideas, or sharing ideas, the noble development of projects. We, alone, could not do this.

And you can't be vain about this. A journalist asked me, "What do you think?" And I said, "I would like to have one more life, one additional life, to be able to see what I would like to see." But unfortunately, like the monument that Bernini did to one of the Popes in the Basilica of San Pedro, appears under the curtain of a coffin, and there is a figure there that says, "For you, the time has come, as well."

So, at this point in my life, I have worked on this project for 40 years, I feel a bit like Moses, who was going to see the promised land, but cannot get there. I would like so much to have restored my entire city. I would have loved that. I know that that is not conceivable, but at least I can see these things.

MR. PICCONE: Thank you, Dr. Leal. That was really -- I think you touched on a lot of big thoughts and points. I mean, this question of the tension between tourism and the development in social life of the people, for example.

And I'm wondering, Francesco, if you can think of other examples in the region where there's been attention to that problem, and how it's been resolved? You mentioned Quito. I'm wondering if there are other cases where the urbanization that's happening throughout the region, dramatically, is at the same time being managed in a way that's preserving the historic legacy and culture of these different locations.

Can you say a little bit more about that aspect?

And then, one other thought to put out there, because I think it's no coincidence that we have a representative from the Inter-American Development Bank here, who -- it's a little unfair, because the Inter-American Development Bank is stuck in a position where it has very limited ability to cooperate with Cuba because of the way U.S. law is written. And that -- you know, we can't leave this room without mentioning that. That is one of the challenges we're, here at Brookings, and lots of other people in Washington, are wrestling with. And I think this is a good example of, basically, a lost opportunity for the Inter-American

Development Bank, for the U.S. government, to be part of this learning process. I mean, we'll do our best to contribute to it.

But I did want to get to your reflections on that particular situation, and how it affects our ability to work together.

MR. LANZAFAME: Well, with Cuba -- well, on the personal level --

-- I'll stick to Spanish.

On a personal level, I lamented a great deal. The only thing I can say is that, personally, I learned a lot from Havana, and learned a lot from Cuba, and we follow it, we monitor it. So, something you can do, in terms of official work, lands, and loans and such, the official -- well, that can't be done, but that does not mean that we cannot learn from one another by way of sharing experiences. And as Mr. Leal said, it's extremely important the case of Cuba has support from the international community that is quite striking, like very few other examples.

And we, too, follow this. At the Bank, we say that participating in learning from the participation of Cuba, and we also try to get other countries in the region to learn from Cuba. Because, at the end of the day, we say that, well, everyone is familiar with the lessons. The people who work in preservation is a small group, as in all sectors. So sharing of experiences is crucial.

I hope that in the future we could do something. I don't know what else to say. In the case of other Latin American cities --

TRANSLATOR: I didn't understand very well --

MR. LANZAFAME: -- (inaudible) if you were saying the Latin American cities the work, much of the urban historical preservation with --

MR. PICCONE: With the growing urbanization of the population --

MR. LANZAFAME: Yes, yes -- okay.

MR. PICCONE: -- and migration into the cities, that pressure.

MR. LANZAFAME: I think there are many cities. To begin, all the capital cities have this problem. The process of urbanization in Latin America has been unique. It has become the urban -- or it will soon become, if not already, the most urbanized region of the world -- Sao Paulo, Rio, Mexico City, Buenos Aires, and the other historical centers that have different experiences. Mexico is, Mexico City is an important example of how a historical center has been managed in the context of urban growth. And Mexico City has one historical center, but then there are several others. So it's not a single, or monocentric city, but a polycentric city with several historical centers in a single urban area.

I have mentioned the city of Quito. Lima has a very important historical center that has undergone a different, more discontinuous process. Buenos Aires is a city where the historical center has never been abandoned. Quite to the contrary, it's always stayed very active. But there has been less of a preservation effort.

The example of Puerto Madero was cited. Puerto Madero was an excellent urban revitalization process. It wasn't so much preservation; it was much more real estate development in the historical center -- but another lesson, another way that a city has dealt with rehabilitating urban center with urban renewal and urban growth.

And there are many other examples that one could cite.

MR. LEAL: Recently, the network of World Heritage cities was established in Cuba. I am now presiding over this network. And the vice president is the City of Baracoa, where a very beautiful preservation effort has been undertaken.

Now, who is now in this network? The City of Camagüey, which is undertaking a major rehabilitation effort in its central area, Cienfuegos, which completely changed its image. It is a living, active city, with a large historical center. Also, the work that is done in Trinidad -- they've begun, in Santo Espiritu a very major effort in Bayamo, and also in Santiago, after the catastrophe.

And you have said something that is quite important: not even there can we extrapolate Havana's experience to the other cities. They draw inspiration, but you have to -- it's got to be tailor-made in each case because, otherwise, mistakes would be made. For example, there's a tax system in the City of Havana. Now, there's a national tax system, but the first tax that was implemented was that of the public institutions that manage funds in the historic center, they had to pay 5 percent into restoration of the historical center. This is like an exemplary solidarity fund, in that I contribute but, at the same time, I make demands. I make demands that what I give, well, that we can see the results of it. And now this has been expanded, with the personal and family businesses, this has expanded to individuals.

And, as I say, I've tried to create a club with all of those who are involved in businesses, I write them every month, I send them a book, I send them a postcard. And I always make a small appeal: My only desire is for you to triumph, and I will do everything necessary for you to triumph in your initiative.

Because a sustainable household means there will be a steady income, and where people can have some surplus which would allow them to invest socially, create jobs -- which is very important,

especially when you have a mass, a large mass of persons who are trained. Of every nine Cubans, one is a university graduate.

And this is important. And as perhaps they cannot exercise their professions, as happens in many parts of the world, this essential or core capacity isn't as useful for applying to other functions. You might have a small bakery and candy shop, and the woman had two employees. I said, "How much does the owner pay?" They explained how much they were paid, how much they earned from tips.

Now, what they earned per day, in that modest undertaking, in that modest business, allowed them to help out their own families, and themselves, significantly. But both employees -- one was a graduate with a law degree, and the other had a social sciences degree.

So this also creates other problems, or this speaks of other problems, which are also problems that need to be taken on socially.

At this time, we are experiencing that change -- that change and that transformation that is required to improve. It has to be seen positively, or for it to be seen positively. When you fly in a modern aircraft, and you feel the tension of takeoff, for example -- the challenge, or what's the tension like, or the resistance like, when it goes up or comes down, and you can see the fire in that craft, what is the tension experienced by those who are going in that craft?

And the same thing happens to me. We socially feel the tension of the takeoff, and at the same end, we also feel the shaking of a world, and of a society, Cuban society, that is amidst change. And it's very important to life that experience, to have that experience.

And I think that's the most -- in this context, preservation is of great importance, as I see it. First of all, because, in the case of tourism, for example, the largest group of tourists in Cuba are from Canada. They come from the cold north. Even though they have historical cities such as Quebec, when they get to Cuba, they look for where the sea lions, and seals like to enjoy social peace, and the skies, and the sea. But more than 400,000 came, mostly from the United States, to look -- Cuban Americans, they go to the cemeteries, they go to look for where they were baptized, the house where they were born. It's a different connection.

The people from the United States go -- more than 100,000 came from the United States last year, even though we know that they cannot go to Cuba as tourists. It's the only country in the world where they cannot do so.

And I said, as I said last year, that it's the safest place, it's the safest place. There's not a single case -- there may be some isolated incident, like anywhere, but if you go to a sports stadium and they play the national anthem of the United States, everyone stands up. They stand up

if they're sports persons. If they're scientists, they're received cordially, and if they're tourists, they're received cordially, as well. We seriously recognize this. It's the white heads of the older people, the red shirts, the white pants -- they go in their style. And when they get to Cuba, they're also motivated by major memories. A part of their history is also there.

So, Europeans cannot be there for more -- within three days they want to see ancient stones. They go to Varadero, they go to the Varadero, they go to the beaches, but then they say, "Where are the historical cities? Where are the museums? We want to see that." So the outcome is tremendous.

Yesterday, here at the National Gallery, I had the pleasure of visiting one of the most beautiful museums, one of the most beautiful works of architecture. I also placed my name over the hand of architect, as all do who get there. And then I went into the earlier, neoclassical building, which is of extraordinary beauty and splendor, and there is a painting which, unfortunately for me, was being restored, so I didn't see it. And it is a scene of the Port of Havana, 1742. The person goes into the sea, and a shark grabs the leg, and the fisherman are there trying to save him. At the back, you see the Morro, the hill. Later, that man was the mayor of London. He was a British sailor, and the king decided that a leg

eaten by the shark would be included on the coat-of-arms. But with such enthusiasm that the curator of the gallery spoke with me, told me of this.

And I was so happy when I was at Columbia University. I said the alma mater of Columbia has a special, sentimental, intense, direct relationship with the alma mater of Havana.

So my task is, through this work, bring together that which is separate, to see the sun, and not the shadows.

Let me give you an example. Do you have a pen? Lend me your pen.

What do you see there? That's what everyone sees: a black point. Nobody sees the paper.

And the same exact thing in this relationship that we're trying to seek. Let us seek everything that brings together, not that which separates. Let us open doors. And may this work of restoration be useful to say we must build. Marti said, "Men go in two groups: those who love and establish, and those who hate and destroy." We have to join the first group.

And commerce is fundamental. I'm not a businessman, I'm a restorer. But I realize that commerce, ever since the divine message came down from the heavens for the ancient Greeks, has been the key of human relations. One must engage in commerce and discuss. When you

go to Turkey, to the big market, you come in Istanbul and you see something, and it really catches your eye, then it is considered a failure if you don't begin to engage in a back-and-forth with the vendor to bring the price down. So the vendor allows, the seller allows for debate, for people to come together, and for the positions to come together.

I believe that that port, especially with the work in Mariel and in Havana, is going to be a port open to the world.

Thank you. (Applause.)

MR. PICCONE: Great. It's wonderful to hear your visions.

(Applause.)

I don't think I could add to that very eloquent way of thinking about this problem that we have in front of us.

Let's turn to you all, and see if you all have any comments or questions. There's a microphone -- if you could please identify yourself.

There's one in the back, here.

MS. PALACIOS: Good morning. Thank you for your presentation. My last name is Palacios. I am a student -- Maria Teresa Palacios.

A simple question: We've mentioned the potential that Cubans have who -- in terms of restoring the city.

How can this be maximized? How can one draw in common Cubans to be able to contribute to the restoration of the city?

MR. LEAL: Very well -- I'm familiar with that accent. I know what part of the Caribbean you're from.

Well, thus far, the most important thing has been to open up a crack in the wall, and that was achieved. One is coming from a social experiment. One is coming from the uncertain pathways of these years. One is coming from the need to stray away from what one considers best, and also the positive charge that animates my view -- the idea of opening up, which is something we must all contribute to.

Thus far, I asked a friend of mine, who has a restaurant in the prettiest small street of Old Havana -- she had put her restaurant up, and according everything -- it appeared in the internet, it's been cited in the U.S. press, that that restaurant, according to U.S. press, is one of the top places in the world to eat. It's got six tables.

I asked the owner, my friend, "How much did this business cost you?" She told me, "Somebody lent me the money." That has been the path forward. No one had money.

Plus, Cubans have a great capacity to invent. Gold was not discovered through alchemy, because the great alchemists were not

Cubans -- otherwise, they would have accomplished this, no doubt about it.

The Consul of Spain in Havana, who is no longer there, told me: Cubans have such imaginations. Spain needs more euros, such that when everything is approved, then a visa is granted, or a check that is authorized by a Spanish bank in Havana. But it's \$800, or 800 euros. And she said, "We've now discovered that there are some Cubans who rent the \$800." They earn a certain amount, present it, and then they return it, carrying out their obligation.

She asked for a \$10,000 loan from a friend, and she's repaid the loan, and has gone forward to open up a business.

Family support is fundamental. It's fundamental, because the families say it's one thing for the fish to be there, but when we come to it, we'll send you the fishing rod and the hook so you can get it.

Public restaurants, for example -- I have two good restaurants. The rest, if they're not productive, if they don't generate earnings, if they don't even cover the rent, will be leased out.

There was an announcement in the newspaper the other day that the following restaurants are sought to be leased -- this, this, this, and the other. There's no other way.

At this time, there are laundromats, or places where you can take your laundry, and many other things that people put in place with a creative capacity. Where did the equipment come from? Where did you get it? Well, it was accomplished. "It came through Panama." "They brought it on the plane." They imported it. They built it. They built it.

Fascinating things are presented to me that have been constructed particularly to provide a service. So that is more or less the answer.

MR. PICCONE: Any other comments or questions?

MR. LEAL: You should ask, because Brookings paid me \$10,000 for this talk. And they figure there's an interest.

MR. PICCONE: Tomas -- go ahead.

SPEAKER: -- Cuba Study Group. I have a question that stems from your response.

For those persons who don't have family members to make a loan, what resources exist?

MR. LEAL: Those Cubans who have businesses will make the loans. I know of other cases where Cubans with businesses -- I saw a woman a few days ago who has set up a nice restaurant and bar, and I asked her how is it going in the business? She said, "It's going well. I have three more."

So she has made loans, and those persons have formed a small chain. The law doesn't stand in the way of it, so long as taxes get paid, and so long as the purpose of the business continues, for which it's been approved.

MR. PICCONE: Thanks.

SPEAKER: First of all, my words of respect, congratulations, and support for the work that you're doing in the City of Havana -- heritage of all humankind, and one of the most important works being done, in terms of recovering our history throughout the Americas. So, my words of congratulations.

I wanted to ask you, in going forward with this huge task, it must create a lot of jobs in the city. What is the number of persons who are working in the city, and how much is being invested every year in reconstruction? Because creating a consumer group is really what is going to set the economy in motion.

So, if you could fill me in on these economic aspects, I'd be most grateful.

MR. LEAL: Yes, this is a very interesting aspect.

In the first four years of the work, which were very difficult years -- '94 to '98 -- to begin, we created 5,000 jobs, almost all construction-related. Later on, we took an urban census, which is done

every five years, asking persons, very frankly, through the survey, what they wanted. And in many of the answers, what people said was, "What is happening now."

At this time, for restoration, per se, as between our operating company, which takes people interested in events and -- well, this was a sort of "autharcy, a Greek city, a Greek republic that we formed. They said, you know, one must create this, one must create that.

Well, a tourism company was established, and it was necessary to open up a space for another operator. And so we established a construction company. Workers were needed. And so an architecture department was needed.

There was a response to that petition by contracting the best architects and professors, who now are at the cupola. More than 10,000 people are working with me now, including those who are hired on a part-time basis, or occasional basis, to do certain work.

One of the most expensive aspects in everything is the project. I once asked a very important architect who was in Cuban, and he saw our maquette of the historical center, done by an architect and his wife, who was paid \$5,000 for creating a maquette in which each person can find his or her own home. And so the response was, "To set this up,

to do this, it would cost me \$100,000." Why? Because, well, we charge very little for our work, given the existing circumstances.

So, hence, we can apply a large part of what we produce. Once the salary situation changes, we'll have to produce even more. And this will happen automatically. The projects then become cheaper.

But there are other complexities entailed, as well. But, no doubt, we run up against one difficulty, for example, on not being able to use U.S. currency, on not being able to U.S. dollar in any transaction because it's prohibited, the tourists who come with dollars, or those who come with euros, have to convert to a Cuban currency which, at the same time, is a currency which has a representativity, or an economic financial response, that is higher than the Cuban peso.

So one of the main challenges at this time is ending the dual currency, and which, in reality, becomes a triple currency, because we need to convert it into bank liquidity. The bank, at one point, was in default and couldn't pay. So our creditors abroad, we went -- go from 120 days to 340 days to be able to pay them. Many people, particularly Jewish persons, who don't want the game to end -- we have many players in this regard -- say we'll continue, so long as there's evidence of a guarantee, and a word to pledge. The country has begun to pay.

From the standpoint of creating employment -- well, those are ours. But when people come into Old Havana, they don't have to pay a tax. Last year, practically a million people went through the historical center.

What I say is that in Cuba, children who hunt birds make very complex cages with the flower of the sugar cane, and they have many tricks. Within the cage, in a small cell, they place a small bird that is there, and up above, they put a lot of food for the bird, and then it falls in. It's like they catch the bait.

Now, tourists who come on cruise ships, the cruise ships supposedly would leave nothing behind. But when families come down in the historic -- or get out in the historical center, my task is to have the cage ready. I have the cage ready, and within half an hour, they need to -- they want to eat cake, they want to know where the craftsmen are. There are 1,000 craftsmen. I'm amazed by the things they make, the marvelous things that they prepare.

And so they spend their money. And they pay a tax. This year, I would estimate that in economic administration of the historical center, that we will approach total invoicing of 200 million, perhaps a little more. We have 1,000 hotel rooms in small hotels, including one very unique one which is run by nuns from a Swedish order. The people seek

the best attention, the best food, and in that one, they have a church, a garden, singing birds, everything. The nuns speak all languages. They're from India, France, Mexico -- everywhere.

So that is the situation. I think that job creation is on the rise. And with the contributions of capital and what is accumulated, as you were saying, a social class is being created -- let's speak frankly -- a social sector, an area which, on having a surplus, invests.

For example, the other day in Varadero, a hotel was opened up in the development area, and they said we're going to bring the prices down for it to fill up. There were 900 Cubans. But the most interesting thing is, of the 900 Cubans, they were not from here. They were from there. And for the first time, they would go with their own money. I asked several of them -- they said, "I have this." The other, who has a car, the other has a business that sells I don't know what. And so, for the first time, they sit there, and they begin to feel the rootedness -- well, there are bees. I was taken to a crystal where the bees are, and there were different kinds of waters with honey, some with strawberry flavor, others with jasmine flavor, where that bee ends up producing this flavored honey. But I feel bad about the bees. The best ones are outside.

MR. PICCONE: Great.

Francesco, do you have any further comments or reflections on the conversation before we wrap it up?

MR. LANZAFAME: No, really not -- not, just maybe this is more in general, that I think that we need, as a bank, we are very much, we've been engaged since a long time. We've been pioneering the heritage rehabilitation sector in Latin America. But we need also the support of all the institutions, and all the people to motivate the municipalities, the major -- the municipal administration to better understand and to promote this sector in Latin America.

So, I think the discussion like this one, and the (inaudible) like this one can be very useful also for us. And if we can have some collaboration (inaudible) it would be great. And, hopefully, also, we do.

MR. LEAL: Thank you so much.

MR. PICCONE: I would just add -- oh, Paul, please. Is there a microphone?

I'm afraid we're out of time, so we're just going to take one more question.

Paul, there's a microphone coming.

SPEAKER: (Inaudible) -- representative of the Inter-American Bank -- if I heard right -- there are no loans for the projects in Havana. Could that be considered by the Bank? And if not, why not?

MR. LANZAFAME: The simple reason is that the Bank can lend only to member countries, and Cuba is not a member country. So we can't work directly with Cuba.

Now, we can work with regional institutions in the Caribbean, and that has been done with other projects. We have done another project, regional in nature, where our partner or our client is not Cuba, it might be CARACOM, or some other Caribbean-wide institution -- but not directly with Cuba, because it's not a member country of the Bank.

MR. PICCONE: I just want to add two points that relate to some of the work we've been doing here at Brookings that relate to this question and the previous ones.

We've done some study on the role of the international development community and the financial institutions last year, to really examine what are the obstacles to further cooperation, and what does U.S. law say about it? What is the current practice? And what are the areas where you could at least begin some confidence-building and technical cooperation, while we -- and, of course, the report also recommends that the U.S. government change its rules to allow greater activity. So we're continuing to push that forward.

And the second point, about the job creation, and the flow of investment from remittances, et cetera, we will be releasing a report on

the growing class of *cuentapropistas* and entrepreneurs and, really, an emerging middle class or middle classes in Cuba, and their sources of income, how they spend that money, how they're investing it in their own properties, in renovating their houses, their apartments, putting it into their own businesses -- and how that is growing and emerging, and to become an important driver of the Cuban economy in the future.

Richard Feinberg has been working on both of these reports, and we'll be happy to welcome you back in November when we release that report on the emerging middle classes in Cuba. It's obviously an important part of the story. And I think the historic part of Havana has been an important motor for where that group of Cubans are going. And it's an exciting, as you said, social experiment. And we're all kind of interested to be on that plane as it flies. And we look forward to welcoming you back to Brookings, and to continuing our own dialogue, because I think we can all see the value of the people-to-people contacts in diplomacy that is very much -- well, mostly allowed under U.S. law, but lots of restrictions and contradictions, which is something, you know, we hope all of you will think about and convey, in your own way, around town. Because I think that's one of, really, the main challenges we face, even as a think-tank, in the most basic way of dealing with academic diplomacy, the challenges in making that happen.

So, with that, please join me in thanking the panelists, and thank you for coming.

* * * * *

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190

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.

Carleton J. Anderson, III

(Signature and Seal on File)

Notary Public in and for the Commonwealth of Virginia

Commission No. 351998

Expires: November 30, 2016

ANDERSON COURT REPORTING
706 Duke Street, Suite 100
Alexandria, VA 22314
Phone (703) 519-7180 Fax (703) 519-7190