



Cuba:

One Country, Many Worlds

by Connie Clark

In a historic first, students from UC Irvine's Paul Merage School of Business traveled to Cuba and received a true taste of the island nation's colors and contrasts.

WHEN BRIAN BAKER, FEMBA '14, visited family friends in Cuba this past spring, he got an unexpected surprise. His hosts, an engineer and a physician whose adult children live in the United States, welcomed him warmly to their two-bedroom, 800 square foot apartment in a run-down section of Central Havana. "They had no car," Baker says. "Their house was very bare, but they were some of the nicest, happiest, and open individuals I have ever met."

Baker, vice president of Centerline Capital Group's Loan Production team in Irvine, says it's an example of the many incongruities that are part of life in Cuba, where he and 28 other students from the Merage School traveled in March 2013. Part of the School's global curriculum, the international residential in the long-isolated nation was the first of its kind by a California business school.

Like the crumbling, color-saturated, colonial era palacios of old Havana that stand in stark contrast to the country's drab, communist era buildings, Cuba's disparities must be seen in person to be fully appreciated.

"One can see the impact of a dual currency system," notes Wendie LaRose, EMBA '13. "Cuba is a country with no advertising for products or services as we know it; there is no retail as we know it, and it is amazing to see."

Students met physicians who are so underpaid they



The Cuban economy is not sustainable without continuing subsidies from Venezuela and remittances from family members who live outside the country. Still, the country is evolving. The Port of Mariel Development Project envisions a world-class port that can accept ships coming from the upgraded Panama Canal. But the problem is that there is no internal structure to support it.

—Kerry Vandell, Dean's Professor of Finance and Director, Center for Real Estate

often take jobs as cab drivers to make ends meet. They had friendly, sometimes spirited exchanges with Cubans who are often bemused by U.S. policies, but who welcome American tourists as family.

"Interacting with Cuban students, businesses and educators gave us a very in-depth understanding of how the Cuban view differs from ours," says Baker. "I think this was very important to get a well-rounded understanding of a very beautiful, yet complicated country."

The weeklong residential was led by Kerry Vandell, dean's professor of Finance and director of the Center for Real Estate, and John Graham, professor emeritus, Marketing and International Business. It was the brainchild of Professor William Hernández Requejo,

who along with Graham and Vandell, spent three years negotiating and working with the University of Havana to arrange the educational exchange. "Cuba is undergoing tremendous transformations," says Hernández Requejo. "We were lucky to get a chance to experience that personally, and the experience should serve as a catalyst for more academic, sporting, and cultural exchanges, with the Merage School leading the way."

Student Perspectives

Each of the students brought different professional and personal perspectives. "I spent over 17 years living in Florida and some of those years living in south Florida," says LaRose, a 20-year veteran in retail man-

Although you read a lot about the Cuban economy and the structural flaws that lead to a highly reliant public sector, speaking with Cubans directly really brings to light how wrong the incentive structure is in the current Cuban economy with a dual monetary base. Here you have highly esteemed professors with PhDs who are making equivalent to \$20 USD a month, while Cubans who work in the private tourism sector typically earn at least five times that. They ask, "What is the point in going to school, taking your studies seriously and challenging yourself if your best option... is to work in an unskilled position?"

—Neil Gershgorn, MBA '13



agement who first heard about the residential during a global negotiations class taught by Hernández Requejo at the Merage School. "I was all in. I wanted to study and experience, first-hand, the impact of the embargo on the Cuban people; how the economic system was functioning, and the availability of goods and services in the country. I wanted to know, 'where is the country going?'"

Jeff Knoche, MBA '14, has a background as a Peace Corps volunteer in Albania. "I saw a lot of similarities," he says. "The communist era housing tenements and the new buildings contrasting with the old, rundown structures showed us the wealth and development disparities that exist there. We went to one of the newly licensed, privately-owned restaurants, and I think the same lack of business sense also existed in many ways in Albania."

Vandell assigned pre- and post-trip essays, giving students an opportunity to compare expectations with reality. "The research that I had done prior to the trip really painted a contrasting and unique situation," says Neil Gershgorn, MBA '13. "The commonly cited development metrics, such as GDP per capita, indicate a highly impoverished country. However, when looking at other key metrics tied to the Human Development Index, such as the unemployment rate, life expectancy and infant mortality rates, education, and crime rates, Cuba resembles a first-world country."

Much of the disparity is expected, given Cuba's history. For example, Cuba's official unemployment rate hovers around three percent. But effective unemployment, the number of people employed by the state but who don't work, is much higher. "I saw a lot of people who appeared to be out of work, or just standing around," says Knoche. "There appeared to be a large wealth gap."

One solution is investment. "Cuba is starved for foreign investment," Vandell says. "But at the same time it exhibits hostility toward it." Students agree. "If the housing situation and infrastructure could be repaired," says Baker, "you would really improve the quality of life of the average Cuban, and in turn, make the country much more attractive to all types of commercial real estate investment."

Students are quick to point out that despite the poverty and failing infrastructure, Cuba's vibrant culture is thriving in the form of art, music and nightlife. "I was stunned by Havana's beauty," says Gershgorn.

But many say their most important takeaway affects not just their business perspective, but their worldview. "In a highly impoverished and restrictive country such as Cuba, where one doesn't even have the autonomy to choose one's own occupation, the ability to dream or wish is inconceivable," says Gershgorn. "Yet Cubans still find a way to be positive. As an American and as



It was eye opening having conversations with university students and young professionals, and hearing their conceptions and misconceptions about capitalism. Something I won't forget was discussing Che [Guevara, Marxist revolutionary and major figure of the Cuban revolution] with a PhD student. I thought she represented the coming generations of Cuba very well. She was open to discussing socialism, capitalism, communism and democracy and was very well educated in those areas. She still leaned toward socialism, but saw the struggles with motivation and worker efficiency. I still leaned toward capitalism, but understood the shortcomings of "for-profit" ideals and big business. My takeaway was our willingness to discuss these things and see that some aspects of both systems are beneficial to society.

—Jeff Knoche, MBA '14

someone who has been given a lot of opportunities, I left Cuba with a sense of appreciation and the desire to not take for granted what we have." ■