



# The Perils to Cuba's Security

## Policy Brief

Among Cuba's many challenges towards an economically open, democratic country, one looms large: to liberalize the economy and the political system without having crime spiral out of control, as has happened to many countries in the past. As lawlessness increases, chances of successful transitions decrease. It is a matter of urgency to understand the perils currently facing Cuba to avoid future security threats. Our research aims to present the current situation, and propose concrete recommendations to minimize these dangers to move further on Cuba's democratization.

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This policy brief summarizes the results of an academic project that investigates into Cuba's current and future order conditions as this nation liberalizes its economy. The project is coordinated by Vidal Romero (vromero@itam.mx), professor at the Instituto Tecnológico Autónomo de México (ITAM).

## Introduction: The perils of transition

The Cuban government has been taking tentative steps towards economic liberalization. Political democratization, however, still waits. Both are highly desirable outcomes; however, experience tells us the road is also fraught with dangers. One of the greatest dangers associated with liberalization is increased crime and violence. If crime spirals, it endangers a stable transition.

This project's purpose is to provide practical knowledge to reduce the chances of spiraling lawlessness, thus maximizing the likelihood of a successful transition to a freer society. To achieve this, we have studied Cuba's current crime and security conditions, and closely examined the problems it faces in these areas as it reforms economically and, eventually, politically.

Cuba's initial conditions are not ideal: a corrupt bureaucracy, police forces focused on repressing political dissidents, economic necessity, a deeply rooted culture of illegality, and a strategic geographic location for criminal organizations.

Experience has taught us that, as liberalization takes place, societal order decreases. Political liberalization allows previously ignored groups to have a voice, and they become relevant both to the government and to the groups wishing to become the government. However, existing institutions are not equipped to cope with the demands placed upon them.

Institutions tend to adjust at a slower pace than society demands. It is during this adjustment lag that friction arises between actors, since the state is either absent, too weak, or its institutions are too outdated to react to new circumstances. Thus, the Rule of Law suffers, opportunistic criminal organizations see openings, and citizens may become disenchanted with democracy itself.

## Results: High security, high illegality

Cuba combines good levels of public security (for Latin American standards) with widespread illegality (even for Latin American standards). Cubans live knowing that there is a very small probability of being robbed, and an almost null probability of being killed. Yet, to satisfy their most basic needs, Cubans daily and routinely conduct a multiplicity of illicit actions.

Public security had been maintained by a combination of psychological mechanisms, the relative legitimacy and efficiency of the police force, and



Cuba's initial conditions are not ideal. Yet, liberalization must not be interrupted.

coercion. Coercion includes a systematic violation of individual rights, especially those of dissidents.

We examine a specific subset of crimes that has a high potential of inducing spirals of violence that would affect Cuba's chances of a successful transition to democracy:

**1. Money laundering.** Cuba has relaxed some of its restrictions for private services (like restaurants and bed-and-breakfasts) and on real estate transactions. This, along with Cuba's need for foreign investment, and a corrupt bureaucracy, generates plenty of incentives for dirty money to come into Cuba. What appears to be dirty money is brought to Cuba from Miami and Latin America. It utilizes Cuban residents as straw-men. Given the highly controlled Cuban state, it is likely that some public officials are a part of these money laundering schemes.

**2. Black markets.** Cuba's state-run economy generates severe gaps between supply and demand. There is a black market for practically all goods and services. Many black markets offer perfectly legal goods and services, which are either too scarce, or too expensive, in state-controlled markets. Almost any good is considered tradable: sugar, toilet paper, auto parts, brand clothes, cellphones, internet access, and even lobsters. Black markets are used by all citizens, including government officials.

These black markets effectively constitute criminal networks. They may currently trade with mostly harmless goods, but these networks can also be used to trade with more damaging goods and services; as it happened, for instance, in Russia.

**3. Drug trafficking.** Official and independent reports point towards a significant increase in drug consumption in Cuba. The increase is perceived to be among the youth, richer Cubans, and tourists. As the number of tourists going into Cuba increases, and specific segments of the Cuban population become wealthier, Cuba's attractiveness for international drug trafficking organizations increases.

We find four main causes for these illicit activities:

**1. A government desperate for economic resources.** Venezuela's economic collapse forced the Cuban government's hand. The Cuban government is now open for (certain) business, and has allowed citizens to provide some specific services, which is good news, but given the excessive and politically oriented regulation, it incentives corruption.



Cuban's daily life is full of illicit activities, most induced by irrational rules in economic terms, but politically profitable for the regime.

**2. Poverty and increasing inequality.** Economic scarcity is an incentive for crime anywhere. The economic situation does not seem to be improving soon in Cuba. Legal opportunities for improvement are scarce (even for the highly educated). The most affected are the black population, the rural population, and the young. The excessive emphasis on tourism as a source of revenue, has generated significant and increasing inequalities among the population.

**3. Corrupt bureaucracy.** The state monopoly over most products and services, along with economic necessity, has degenerated into massive corruption at all levels of government. Stealing goods from workplaces is the norm (e.g. sugar, toilet paper), many services (e.g. repairing public lighting) are illegally sold or exchanged for other favors. Foreigners find that investment or importation permits are facilitated by conducting additional financial ventures with the Cuban state, usually through the armed forces.

**4. Culture of illegality.** The economic irrationality of Cuba's many regulations, in addition to restrictive political norms, has normalized illegality as a short cut. Thus, the line between "justified" and "unjustified" illegality is blurred at best. Many Cubans have likely internalized this sort of behavior; changing it may prove difficult, as it has been the case in many former communist countries in Eastern Europe.



Private entrepreneurs are not the issue in Cuba, but the institutions of the current regime that incentives illegality for political reasons.

## Conclusion

Cuba is in danger of a serious rise in crime and violence. The Cuban state is becoming weaker, and losing whatever legitimacy it has left. Simultaneously, Cuban citizens are accomplices in many illicit activities, and participants in multiple criminal rings.

If violence increases, it may be the perfect pretext for the current government to increase restrictions on individual liberties and human rights, and reverse the few reforms which have been liberalizing Cuba. Any further democratization would almost certainly be delayed.

## Implications and Recommendations

If initial conditions do not improve, this nation is in grave danger of becoming a hot spot for criminal organizations in Latin America. It is important to note that the solution is not for Cuba to backtrack its reforms and return to a fully state-controlled economy run by an autocratic government. To improve the Cuban citizens' well-being, it is necessary for the island to democratize, since most of the current illegality is linked to the current authoritarian institutions.

We present specific recommendations we believe would increase Cuba's chances for a successful transition. These recommendations are designed to minimize escalations in crime and violence, while increasing chances of a successful transition to a liberalized economy and democratic regime.

1. **Special attention need to be put towards subpopulations at risk of being driven to greater criminal activity.** The black population and the young have been disadvantaged politically and economically by the regime. They need to receive focalized aid, and special consideration should be given to integrate them into a more democratic system.
2. **Significant efforts must be undertaken to change Cuban's current culture of illegality.** Aid and advise to NGOs in Cuba (of any type) should include some sort of training on what corruption implies and its consequences. It also implies training on entrepreneurship.
3. **Investment in Cuba must be monitored,** with focus on two areas. First, money flowing into Cuba in way of private investment must be monitored for money laundering. Second, investment which increases the influence of the military in Cuba must also be monitored, whether alone, or in joint ventures with foreign partners. Under the current regime, it may be difficult to obtain detailed information on these two matters, but there is aggregate data which can be used to this purpose.
4. **It is important to note that some of institutions of the Cuban state has some degree of legitimacy among the population,** especially those that fulfill welfare purposes. Any drastic change on this floor of support for the population would imply an increase in criminal activity in Cuba.
5. **It is fundamental to have a clear map on existing criminal networks operating in Cuba.** Even though many seem to be harmless and the product of bad economic regulation, these structures must not be underestimated, as they may easily transform into more problematic criminal organizations, or create links to existing criminal organizations in Latin America and the United States.
6. **The Cuban government needs incentives to provide data on public security.** At the very least, data is needed on homicides and robbery, but, information on drug related crime is highly desirable. This information is fundamental to properly assess current conditions and future trends. The United Nations Office on Drugs and Crime (UNODC) could be a useful ally in requesting this data.



This is a key time to try to influence policies in Cuba. Liberalization under the current institutions may reduce the chances of a successful transition.