Slowly, Cuba Is Developing an Appetite for Spending

HAVANA — When a 3-D movie theater opened in his neighborhood two months ago, Manuel Alejandro snapped up tickets. It was no
IMAX, just a small lounge in a converted apartment with a 55-inch television and an M&M’s dispenser in the corner. But for $3 a person, Mr. Alejandro and his friends donned special glasses and watched the movie of their choice.

A consumer class in Cuba has caught the eye of entrepreneurs, some of whom outfit their apartments with 3-D equipment.

“This is novel — at least in Cuba,” said Mr. Alejandro, 33, who on a recent evening was waiting to see his second 3-D movie, “Journey 2: The Mysterious Island.”

“If people have a little more money to spend, they look for ways to spend it,” said Mr. Alejandro, who works at a state-owned recording studio by day and builds Web sites for his own clients by night. “Now, you have a few more options for going out and entertaining yourself.”

Mr. Alejandro is part of a small, but increasingly visible, consumer class in Cuba whose appetite for luxuries, albeit modest ones by American standards, has caught the eye of the island’s entrepreneurs.

Some savvy businesspeople are transforming their homes and garages into small movie theaters, others are renting out swimming pools or opening sports bars, cafes with video games, carwashes and even pet-grooming shops.

“It’s not consumption as such — not yet,” Mr. Alejandro said. “It’s the seed of consumption.”
People like Mr. Alejandro are strictly a minority in Cuba, where the state pays its four million workers an average salary of $19 a month and pensioners receive just over half that. Though they get food rations, health care, and, in many cases, remittances from relatives or money from black-market trade, most Cubans live humbly, with even toilet paper a luxury.

A woman who requested that she be identified only by her first name, Yunesky, said her husband’s salary of $80 a month as a private security guard was barely enough to cover food, soap and detergent for her family of five.

“A 3-D movie? No, no,” she said, pointing to her two daughters and her grandson. “I can’t even afford to buy them an ice cream.”

But the number of Cubans who have spending money has grown over the past four years, as President Raúl Castro opened the economy to limited nonstate business and farming.

Today, about one million Cubans, or 9 percent of the population, work or farm in the private sector, up from about 600,000 in 2009, according to government statistics.

At the same time, new markets for used cars and houses have flushed money into the system, economists say, while the Cuban diaspora has pumped cash and goods into businesses.

The new entrepreneurs and farmers have joined the others who make up Cuba’s peculiar consumer class: waiters, artists, musicians, black marketeers, corrupt government workers and a clutch of longstanding business owners.

And they are spending more and more openly.

On an island where everyone is supposed to be equal, the privileged often keep a low profile, building scruffy walls around a well-appointed house, say, or drinking beer in their living rooms rather than in the local bar.
But that is changing, said Liván Beltrán, 47, who two months ago opened a carwash and a diner in the yard of his house. There, he cleans 60 cars a day, the majority belonging to Cubans, for $3 to $7.

Mr. Castro has repeatedly railed against egalitarianism, which he loosely defined as one worker loafing while another works hard. Cuba must strive for “a society that is less egalitarian, but more fair,” he said in a speech to the National Assembly in February.

Soon after taking office in 2008, Mr. Castro opened the way for more consumption by allowing Cubans to stay in hotels for the first time and to buy mobile phones and laptop computers.

Since then, the economic overhauls have legalized many businesses that formerly operated underground and have reduced the stigma attached to having money, Mr. Beltrán said.

“The question is not whether there are Cubans with money,” said Mr. Beltrán, gesturing at the Cubans and foreigners sipping beer while his workers sprayed their cars with power hoses and vacuumed the interiors. “It’s where do you spend it? How do you spend it?”

With ease, apparently. Figures published by the National Statistical Office indicate that nearly 1.5 million Cubans stayed at hotels or spent money on tourist activities in 2012, up from 1.3 million in 2011. A worker at a hotel sports club, where monthly membership costs about $50, said the ratio of Cuban clients to expatriates had risen significantly over the past three years.

In Havana, privately owned restaurants that a year or two ago catered mainly to expatriates now have more Cuban clients. Outside nightspots like the comedian Roberto Riverón’s 3-D Café — where customers can watch a stand-up routine or a movie through a mist of dry ice — the many yellow license plates, which denote cars owned by Cubans, are a clue to the heavily local crowd.
Some savvy businesspeople are renting out swimming pools or opening sports bars, cafes with video games, carwashes and even pet-grooming shops.

Joseph L. Scarpaci, a professor emeritus at Virginia Tech who is one of the authors of a book on consumption in Cuba, said private-sector workers were a “new shade” of middle class, the petite bourgeoisie in Marxist terms, that emigrated after Fidel Castro’s 1959 revolution or evaporated when he nationalized businesses in the 1960s.

He said there was now “much more class stratification,” but predicted that Cubans’ reserve about flashing their money would endure, while a residue of socialism would temper the islanders’ love of luxuries.

“It’s a Cubanized version of middle-class activity, in that it’s not that ostentatious,” he said. “A Cuban guy once told me, ‘You need to know when to flash your gold chains and when to hide them.’ ”

Certainly, mistrust lingers. One Cuban, who rents out equipment for children’s parties at $60 per half a day, said his family routinely threw its garbage out a few blocks away to avoid too much attention on all he is consuming.

“Everyone watches,” he said, speaking on the condition of anonymity because he feared drawing attention to his business. “Cubans are very envious.”

Some worry that the economic changes — which have generated a busy retail sector and thousands of food kiosks, bars and restaurants, but almost nothing in the way of manufacturing — have created an aura of well-being that belies Cuba’s staggering lack of production.

“On the positive side, the private sector is raising the quality of services,” said Lenier González, co-editor of Espacio Laical, a magazine financed by the Roman...
Catholic Church. “But it is not linked to the production of tangible goods,” he added. “It’s just money in a closed circuit.”

Unless the government stimulates production and raises state salaries, the social fissure will widen, Mr. González said.

“The country is fractured,” he said. “There are people who have money and people who don’t. Nowadays, it’s more obvious.”

Whether this newfound prosperity some Cubans are feeling will last, Cuba’s new spenders are a good source of business.

Karina Martín, 50, a former accountant who three years ago started renting out the pool of her spacious home about half an hour from Havana, said she was booked until September. Ms. Martín charges $5 a head for a day at the pool and a hearty lunch — a fraction of the cover charge at most state-run hotel pools.

Blanca Rosa Cabrera, a laboratory technician who was spending a recent Sunday at Ms. Martín’s pool with 20 friends and relatives, said it was a treat she could afford thanks to her husband’s work renting inflatable castles in a park for about $6 a day and her side business baking cakes. “We sacrifice a lot so we can come here,” said Ms. Cabrera, 46.

Mr. Alejandro makes a few hundred dollars for each Web site he designs, enough to cover rent, food and clothing for himself and his wife. They both send some money to their parents each month, and the rest they save or spend on extras.

The other day, he said, he was reminiscing with some friends about an occasion, a few years ago, when they pooled the money in their pockets to buy one can of beer. He laughed.

“We said, ‘Wow, we have changed.’”