B8719-002, Global Immersion:

Is Cuba the Next Transition Economy?

Winter-Spring 2019 SYLLABUS

Class time: Tuesday 4:00 – 5:30
Location: TBA

Faculty

Bruce Kogut (Uris 706, bruce.kogut@columbia.edu)
Sanford C. Bernstein & Co. Professor of Leadership and Ethics

Administrative Assistant: Hussein Najafee, hn2276@gsb.columbia.edu
Teaching Assistant: TBA

This course is designed to bridge analytics with imagination in thinking about the possible futures of a country with a rich past and promising future. Cuba has many possible futures. The past decades provides the lesson that transition is difficult because business and politics are deeply intertwined. However, we have learned a few things about transition. The course positions post-revolutionary Cuba in the current of the legacy of transition and also of the South and Central American development experiences to generate alternative scenarios. To answer two questions: What might the future of Cuba look like? What recommendations do we have?

Since Cuba and American relations are volatile, this year we will be focusing on the private entrepreneurial sector. We start in session 3 with a presentation on entrepreneurship in Cuba, and we will visit Cuba Emprende.

I ask for your co-production to help make contacts before we arrive in Cuba with entrepreneurs we will identify, if lucky,

Travel to Cuba is expected to take place from Saturday March 16 to Saturday, March 23, 2019.
About the Global Immersion Program in Cuba

Global Immersion Program classes bridge classroom lessons and business practices in another country. These three credit classes meet for half a term in New York prior to a one week visit to the country of focus where students will meet with business executives and government officials while working on team projects. The 2018-2019 Global Immersion Program fee for Cuba is $2500 and provides students with double occupancy lodging, ground transportation and some meals. It does not cover round-trip international airfare. Attendance both in New York and in-country and regular participation are a crucial part of the learning experience and as such attendance is mandatory. Students who miss the first class meeting may be removed from the course. No program fee refunds will be given after the add/drop period has closed. Please visit the Chazen Institute website to learn more about the Global Immersion Program, and visit the Global Immersion Policies page to review policies affecting these courses.

Course Materials

A variety of readings and articles from the scholarly literature and the popular press as well as a case will be used in this course. Two books are required: Julia Sweig, Cuba: What Everyone Needs to Know and Richard Feinberg, Open for Business: Building the New Cuban Economy. (The podcast can be found here.) The Feinberg book has a chapter with 7 extremely interesting case studies on joint ventures with Sherritt in mining and infrastructure, Imperial tobacco, Melia (e.g. our hotel), Souza Cruz in tobacco again, Unilever in domestic household products, and Rio Zaza in domestic fruit juices. (You don’t want to write on these industries without reading this chapter.) I recommend strongly the book if you want to know about law and transition: Michael Heller, The Gridlock Economy: How Too Much Ownership Wrecks Markets, Stops Innovation, and Costs Lives. I also strongly recommend the book by the former EU Ambassador to Cuba, Hernan Portocarero, Havana Without Cuba: Inside the Soul of the City (Brooklyn: Turtle Pine Press, 2017). Sweig, Heller, and Portocarero are past speakers in our Cuba classes.

Course Requirements and Assignments

Attendance

Attendance is mandatory. Failure to adhere to the attendance policy of the Global Immersion Program could result in failure of the course. You must email me and the TA if you miss a class or need to come or leave early.
Participation (25%)
You are expected to participate in classes and meetings (both in class and during the field trip). This means that you have done the readings assigned for each class and that the comments you contribute to class discussions and during our business visits integrate material from the readings, and from other discussions.

Written Assignment (10%)
There will be poll questions posted. Keep alert.

Group Presentations (20%)
For the group presentation before the trip, you need to do the following:
1. Choose your industry or enterprise, formulate the general question you plan to address in your final project and how you plan to go about it. One page due Class 4 for feedback from Professor Kogut.

Industries/Topics: Every paper should discuss at least briefly whether you see the potential for privatization (partial or full) in this industry and what would be the issues for Cuba. An underline means we have a speaker in Cuba who will discuss directly this topic –this is not a coincidence!

- Political future of Cuba and its economy
- The Military and the economy
- Oil and Alternative Energy
- Consulting
- Investment, private/foreign
- Traditional industries, Mining, sugar, tobacco, rum, farming,
- Infrastructure, e.g. Telecommunication or Free Trade Zones and Harbors.
- Tourism: restaurants, hotels, and transportation.
- Real Estate and Retail: hotels, commercial, residential
- Other topics will be allowed, but require approval by the professor.
2. Each group (4 students maximum per group) will give a 5-minute presentation in Session 6 that summarizes the research you will have done towards your final project. This should:
   a) Describe the basic economics of the industry you have decided to focus on (importance in the economy, main players (any foreign involvement?), missing institutions, regulatory issues, etc).
   b) Explain why you think this can be done by a state-owned firm, a privatized firm, or a new entrant.
   c) Sketch, when possible, what you think required investment might be and if for a business, what an income projection will look like.
   d) A one-page summary/ppt slide of their findings for the other students. This document should summarize all the important key facts about the industry and recent developments. PLEASE MAKE SURE THE TA RECEIVES A COPY 24 HOURS IN ADVANCE FOR ELECTRONIC DIFFUSION.

3. Final Project (45%)

   Final paper is due March 12: electronic copy by email to Professor Kogut and the TA.

4. Final day in Cuba: Short presentation of your paper in light of what you learned on the trip. An electronic appendix to be sent by March 30 to the TA and Professor Bruce Kogut. This appendix updates the final project. Videos are also accepted (under 3 minutes involving all participants). Please remember that videos are also under the CBS Code of Honor.
COURSE OUTLINE (TENTATIVE)

January 29

Session 1:

Introduction to the Course, Cuba and to Current Developments in Cuba

Readings:

- What does it mean to be in transition? Note, Bruce Kogut
- Cuba: What Everyone Needs to Know

Recommended Readings:

- Bacardi and the ‘Fight for Cuba’: see the story on NPR:
- The Economist Special Report: Cuba

February 5

Session 2:

Cuba and South America: Capitalism or State Socialism?

Guest Speakers:

John Coatsworth, Provost, Columbia University.
Dr. Margaret Crahan, SIPA

Readings:


Economist: Venezuela's economy: Towards state socialism, November 18, 2010

Listen to Feinberg podcast.

Recommended Reading:

February 12

Session 3:

Entrepreneurship

Guest Speaker: Cuba's Future Prospects

John C McIntire, Chairman
Cuba Emprende Foundation

Please watch the video.

February 19:

Session 4: Business and Politics in America and Cuba: the Case of Carnival

Rosamaria Callabero, Director for Cuba Experience for Carnival

February 26:

Session 5: Privatizing a Soviet Economy: Will the Cuba Future be any Different?

Guest Speaker:

TBA
Columbia University

Readings:

Readings:


Gridlock Economy Cover & TOC
Gridlock Preface
Gridlock Chapter 1
Gridlock Chapter 6
March 5

Session 6: Group Presentations

Read above instructions for assignment. Powerpoint is due the day before; send to TA.

Paper is due March 12.

March 16 (in Cuba)

Short presentations of what you learned about your topic
bus trip back to Havana from Trinidad

If you want to know more:

- Havana without Makeup: Inside the Soul of the City, Herman Portocarrero, HIGHLY RECOMMENDED.
- Cuba: The Times are Changing, Documentary film that looks at the 2010 reforms and their impact on the economy ([http://documentary.net/cuba-the-times-are-changing/](http://documentary.net/cuba-the-times-are-changing/))
- Cuba: The Future is Now, Documentary film that looks at the beliefs and aspirations of ordinary Cubans waiting for the political and economic future of their country to be resolved ([http://documentary.net/cuba-the-future-is-now/](http://documentary.net/cuba-the-future-is-now/))
- Reform and Counterreform: The Path to Market in Hungary and Cuba, Consuelo Cruz
- Privatization of State-owned Agriculture Enterprises in Cuba, Jose Alvarez
- Cuba Moves Toward Privatization by Big U.S. Businesses; Cuban Workers Stand To Lose Almost Everything, Hannah Gurman
- Cuba Moves Toward Privatization, ACG Capital Blog
- Cuba Takes a Giant Step toward Privatization – Laying off Scores and Admitting the Economy is in Dire Shape, ([http://nearshoreamericas.com/cuba-transition-5306/](http://nearshoreamericas.com/cuba-transition-5306/))
- 2012 Index of Economic Freedom ([http://www.heritage.org/index/country/cuba](http://www.heritage.org/index/country/cuba))
- Blog on the Art Scene. Arttempo Cuba

Wider Reading (per an email from a friend):

1. Waiting for Snow in Havana: Confessions of a Cuban Boy by Carlos Eire (2004). A poignant and realistic depiction of the exile experience by a prof. of literature at Yale who was sent to the US as a young boy in the "Pedro Pan" operation orchestrated by the Catholic Church and the US government in the mid 1960s. He writes about how he and his brother coped with dislocation and the absence of their parents, the hardships they went through and how the survived them. Great story telling and an accurate description of what many went through.


4. *Cuba in Mind: An Anthology* by Maria Finn Dominguez (ed., 2004). This is a fascinating collection of writings by 31 authors as diverse as Hemingway, Trollope, Graham Greene, Pico Iyer, etc. who provide a patchwork of sketches about their experiences of visiting or writing about Cuba.


6. Papa Hemingway, book. (I read this and glad to lend.)

7. The novels of Leonard Padura Fuentes are highly recommended. The detective Conde is the protagonist in his detective books; made into a Cuban TV series called *Four Seasons in Havana*. Available on Netflix—some nudity, sex, violence.

**Guest Speakers:**

**John McIntire** is an early stage investor focusing primarily on technology opportunities in the U.S. and Latin America. He led the early financing and is a director (chairman 2010-15) of Open Education, the parent company of Open English and Next_U, two of the leading online learning platforms in the Americas. He is an investor in and the chairman of Mexico’s Yogome, a mobile games developer focused on engaging math and science games for elementary school children. Yogome has over 5 million daily active users and over 500 thousand subscribers in 50+ countries. John is an investor in and lead director of itopia, which is Google’s exclusive partner in the SME cloud migration space. Collectively, these three companies have raised over $150 million of venture capital. He recently co-founded the software outsourcing company CodeLabs, which is working with programmers in Cuba, Chile and Argentina.

John is an advisory director of the language services company ProTranslating and the casual dining group Sushi Maki.

He is a Senior Advisor to Endeavor Global, the leading non-profit organization promoting entrepreneurship in the developing world, and has been actively involved in entrepreneur mentoring and selection with that organization for the last 15 years. John is also a member of the Council of the Americas.

John has been dedicated to various non-profit and policy initiatives related to his native Cuba since 2004, including being chairman of the Cuba Emprende Foundation, a 501(c)3 organization which supports the largest entrepreneur training program and the only incubator/accelerator programs on the island. He was one of the Cuban Americans invited to the White House to meet with President Obama ahead of his trip to the island in March of 2016.

John had a 25 year career as an international investment banker in New York and London. He retired in 2004 as a partner of Goldman, Sachs & Co, where he spent 12 years focused on Latin America, including being Goldman’s CEO for that region. He graduated from Princeton University with an A.B. in Economics.
**Provost John Coatsworth** is a leading scholar of Latin American economic and international history. Previously, he was Dean of the School of International and Public Affairs. Before Joining Columbia, Coatsworth served as the Monroe Gutman Professor of Latin American Affairs at Harvard University (1992–2007). Coatsworth is a member of the American Academy of Arts and Sciences, the Council on Foreign Relations, the Board of Directors of the Tinker Foundation and numerous professional associations. He is the former president of the American Historical Association and Latin American Studies Association. Coatsworth has served on the editorial boards of scholarly journals including the American Historical Review, the Journal of Economic History, the Hispanic American Historical Review and other social science journals published in Britain, Chile, Germany, Mexico, Peru, and Spain.

**Dr. Margaret E. Crahan** is a Senior Research Scholar and Director of the Cuba Program at the Institute for Latin American Studies at Columbia University. Until September 2009 she was the Kozmetsky Distinguished Professor and Director of the Kozmetsky Center of Excellence in Global Finance at St. Edward's University. From 1982-1994 she was the Henry R. Luce Professor of Religion, Power and Political Process at Occidental College and from 1994-2008 the Dorothy Epstein Professor of the City University of New York. She is Vice President of the Inter-American Institute of Human Rights and a member of the Boards of St. Edward's University and the Latin American Program of the Woodrow Wilson International Center for Scholars. In 2013 she was recognized by the government of Brazil for her work on human rights. Dr. Crahan has published over one hundred articles and books including *Human Rights and Basic Needs in the Americas; Religion, Culture and Society: The Case of Cuba; The City and the World: New York's Global Future* and *The Wars on Terrorism and Iraq: Human Rights, Unilateralism, and US Foreign Policy* (with Thomas G. Weiss and John Goering).

**Rosamaria Caballero** is the Director, Cuba Experience. She was recently the Senior Director for Carnival’s cruises to Cuba responsible for the overall Cuba experience for passengers and is part of the Carnival team that works to bring US visitors to Cuba. An attorney by education (Georgetown Law) and a graduate of Wellesley College, she is a serial entrepreneur with extensive and diverse experience across a number of industries from web development to Spanish language television and, most recently, e-commerce in the natural and organic products industry.

**Katharina Pistor** is the Michael Sovern Professor of Law. Please see her bio [here](#).