

Gambling and the Law®: Cuba Needs Casinos

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“I crapped out”

Meyer Lansky, quoted in T.J. English's Havana Nocturne: How the Mob Owned Cuba...and Then Lost It to the Revolution

Fidel Castro is gone.

He may not be dead. But on a recent trip to Cuba, I was told by both American and Cuban experts that he is beyond retired. His image may be everywhere, but he no longer has a living influence. Fidel has become to Cuba what Mao is to China.

His younger brother, Raul, is still alive, but is 83 years old. He has called for term limits, including his own. He will not run for reelection as President in 2018.

Since taking over from Fidel in 2007, Raul started introducing reforms. He had to.

Cuba is a country where nuclear physicists drive taxis, because they can make more than their \$40 per month government salaries. Under Fidel, Cubans could not buy or sell cars or homes, so they arranged phony marriages. The property could then be transferred through a divorce.

Still today, everyone owns their own apartments, but literally nobody owns the apartment buildings; so, there is no one to fix leaking roofs.

Since there are no opportunities, young adults flee the country. Many are willing to risk their lives on Styrofoam rafts to try to get to America.

Change is coming to Cuba. The big questions are whether it will be slow or fast, peaceful or violent.

The old men who have led Cuba for the last 55 years - there have been 11 U.S. Presidents since Fidel took over - are survivors. They know how to hang on

to power. If a charismatic leader arose who might one day challenge the Castro brothers, he was sent to work in the sugar fields. So, there is no *caudillo* (strong man) to lead a second revolution.

But the old men also have to keep the disappointment and anger of the general population under control. They are understandably scared by what they saw happen to dictators during the “Arab Spring.”

On January 14, 2013, the government began allowing most Cubans to leave the country, without having to get approval, pay \$400 for a visa or forfeiting their right to return. This may turn out to be like the fall of the Berlin Wall. Average citizens visiting countries with more than four state-controlled television channels, let alone access to the Internet, will be more frustrated upon their return, with their lack of just about everything.

The U.S. embargo, and the failures of communism, locked Cuba into 1959. Even the cars and buildings are the same. And this may provide the solution to Cuba’s problems.

Classic 1950's Fords and Chevys are everywhere. Imagine the reaction of a guy making \$20 a month, after trade reopens with the U.S.: “I won’t give you more than \$40,000 for your car.”

Cuba’s 1950's hotels are also still standing. More importantly, so are its casinos. Although now dark and empty, nothing else has changed; even the chandeliers are the same. You swear you hear the ghost whispering of long-gone slot machines and crap tables, when you walk around the Riviera casino.

Many of the bars and nightclubs are still open. The largest showroom of them all, the Tropicana with its multi-level, outdoor stage, sells out every night. The extravaganza features statuesque showgirls with feathered headdresses and sexy dancing, or at least what would have been considered sexy in 1959.

Fidel, through his hand-picked provisional president, Manuel Urrutia, closed the casinos immediately after seizing power, just as he canceled the national lottery. But the thousands of Cubans thrown out of work took to the streets in protest. Castro’s own economic advisors told him that the country’s economy would collapse unless the casinos were reopened.

They proved to be right, but too late. Castro relented, for a while. But

tourists, especially Americans, stayed away in droves. The casinos were closed for good; and the economy did collapse.

Communist nations are not averse to legal gambling. Casinos in particular have been seen as a way of extracting hard currency from tourists and from the underground economy. I played in a casino in Hungary before the fall of the Eastern Bloc, with all transactions in Deutsche Marks (this was before the euro).

The Socialist Republic of Vietnam still has casinos. Surprisingly, so, too, does North Korea.

And then, of course, there is Macau. The casinos there win more than all of the privately owned casinos in Nevada, New Jersey, Mississippi and the rest of the United States - combined.

Macau, like Hong Kong, is a Special Administrative Region of the People's Republic of China. The PRC is still technically a communist country, although it would be more accurate to describe it as Marxist: widespread free enterprise capitalism flourishing under a totalitarian, one party dictatorship.

The bureaucrats who run Cuba can find a partial solution to the country's present economic catastrophe and its pending political crisis by looking east - far east. Cuba needs to pull a Macau.

Resort casinos create jobs and bring in much needed revenue. They could ease Cuba's transition out of the economic stagnation created by pure communism, as they did in China.

Of course, Cuba does not have hundreds of millions of middle-class residents with few other legal outlets for gambling. In fact, the people are so poor that it is one of the few countries where it actually is to the advantage of casino operators that locals would not be allowed to enter.

But, Cuba already attracts large numbers of tourists from Europe, Canada and Latin America; tourism is the nation's leading industry. The spectacular success of Havana's casinos in the 1950's show what legal gaming could do, especially once Americans can visit without restrictions.

The major problem is political. Havana's casinos were symbols of the prior dictator, Fulgencio Batista's, corrupt regime. When asked about the

Americans who ran Cuba's gambling, Fidel said, "We are not only disposed to deport the gangsters, but to shoot them."

In the early 1960s, children could get cartoon trading cards with purchases of *Felices* [Spanish for happy] *Frutas's* canned fruit. They would glue them into their "*Album de la Revolucion Cubana.*" One shows an angry crowd storming the Deauville Casino, with this label: "*El pueblo destroza algunos casinos y casas de juegos,*" "The people destroy some casinos and gambling houses."

Still, this was half a century ago. Times change. Fifty years before Macau became the top casino market in the world, gambling in China was punishable by death.

Cuba already has tourist zones, where locals are not allowed to enter, except for work. Canadian tourists already fly directly to resorts on the southern coast of Cuba, just to go to the beach. The natural spot for the first Cuban casino-resort is, ironically, the Bay of Pigs. The scene of the disastrous failed invasion of 1961 is now a thriving resort, especially for Europeans.

But there is another spot, where a casino would be even more of a positive political statement by the Cuban government: Guantanamo Bay. It is isolated from the vast majority of the population; at more than 500 miles from Havana, it is actually closer to Miami. There are beaches and an airport and one of the largest sea ports in the world for cruise ships, if the U.S. will allow free passage.

Cuba could set up another tourist zone, with legal gambling, on the Cuban side of Guantanamo Bay. Local residents would be barred. But visitors from every other country, including the United States, would be welcome.

Americans can travel to Macau without even having to get a visa. Wouldn't it be great if Guantanamo Bay became better known for its hotel-casino resorts than for its prison?

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