

Maria Padrón Hernández, PhD-student in Social Anthropology
School of Global Studies, Gothenburg University, Sweden

CREATING DIFFERENCE IN CUBA'S DUAL ECONOMY

This paper will deal with an aspect of daily life in Havana, the capital of Cuba, which has baffled many visitors and not a few locals: the existence of a dual economy of two currencies, the Cuban Peso (MN) and the Cuban Convertible Peso (CUC)¹. While the dual economy has received much attention from scholars, journalists and the like, the symbolic universe which surrounds it is sadly under-studied. Most writers have been interested in consumerism and conspicuous consumption in the CUC-market, the difficulties faced by Cuban households in their pursuit of CUC or the injustices in a segmented market where access to consumption is regulated by the state. Below I will take a different approach using Bourdieu's theories on habitus and symbolic capital to look at how difference and distinction is created in the dual economy. The paper is based on nine months of anthropological fieldwork in Havana as part of my research on everyday economies.

Like many former colonies, Cuba has a long history of multiple currencies. Until 1914, when the first national currency was issued, Cubans used money printed in Spain, England, the United States or even France (García Molina, 2005, p. 9, note 6; Riverend Le, 1967, pp. 182-184). The current situation where two currencies operate side by side is shaped by two events in Cuba's modern history: the socialist revolution of 1959 and the deep economic crisis of the 1990's called "the special period".

The revolution meant profound changes in almost all aspects of life in Havana only some of which will be mentioned throughout this paper. In tracing the history of the dual economy one important reform was that the holding of foreign currency (most notably US dollars) was made illegal amongst nationals and the only currency in circulation was the MN. It was only in the 1980's, when tourism increased and hard-currency stores for foreigners opened, that Cubans

¹ These are the abbreviations most commonly used in Havana. MN is for *Moneda Nacional* (national currency) and CUC is for *Peso Cubano Convertible* (Cuban Convertible Peso).

started using USD informally in order to have access to said stores. Compared to the 1990's however, the importance of USD in the daily lives of Cubans was still relatively small.

The fall of the Soviet Union marks the beginning of the special period – a deep economic crisis felt by everybody in Havana and still remembered for its scarcities and deprivations. With the special period two things happened that eventually led to the legalization of the holding of USD for Cubans. First, the state became in desperate need of hard currency for imports; and second, more and more USD found its way to the hands of Cubans. The principal sources of this money were tourism and informal remittances from relatives abroad trying to help in times of crisis. Since there were no legal ways for Cubans to use USD, a significant informal market surged. As one of the most important reforms in order to come to terms with the crisis, the holding of USD was legalized in 1993 and the stores formerly only catering to foreigners were expanded and opened up for Cubans. One of the biggest chains was called *Tiendas de Recuperación de Divisas* (Stores for the Collection of Foreign Currency) making the objective of all CUC stores explicit: to channel hard currency from the hands of Cubans to the public treasury.

A year later, in 1994, a third currency, the CUC, was introduced in order to better control the liquidity. This currency was equivalent to the USD within Cuba and in 2004 it substituted the USD completely as Cuban establishments stopped accepting payments in USD.

These are the events leading to the situation in 2006 when I did fieldwork: there were two currencies in circulation and there were state-owned supermarkets, taxis, bakeries, restaurants, stores etc. operating in either MN or CUC. The exchange rate was 24MN to one CUC and CUC was more universal than MN since things sold in MN often could be bought in the equivalent in CUC while the reverse was not true – things sold in CUC could never be bought in the equivalent in MN.

Access to the market in convertible pesos was essential since many necessary products (such as cooking oil, hygienic products and clothes) could only be bought in that currency. At the same time most people had only one legal option for making a living: a state employment. And state salaries were not only very low but also, in almost all cases, only paid in pesos. Getting hold of

convertible pesos was, in other words, a constant preoccupation that often led people to the informal market.

In this context the difference between pesos and convertibles was far from a neutral mathematical difference of 24:1. Through everyday acts of classification and distinction the economic difference was translated, expressed and reproduced culturally making constant references to a symbolic universe extending far beyond national borders. This symbolic aspect of the dual economy was especially important since the difference was seldom made explicit in talk or in text.

Both MN and CUC had several names. Nicknames for MN were *peso cubano* or *dinero cubano*. The CUC was called *chavito*, *dólar*, *fula*, *CUC* (pronounced as an abbreviation or as a word), *divisa* and *peso convertible*. The most common way to speak of both currencies in daily interactions was, however, to say *peso*, without distinction. As the area is of special interest to me, I often had to ask people to clarify what peso they were talking about in interviews and conversations and they often did so with a little smile. The question was no doubt perceived as a bit stupid – these were things you just *knew*!

The distinction was not explicit even on the physical representation of money itself, that is, bills and coins. The front of the CUC-bills clearly stated "*cinco pesos*" (if the bill was for 5CUC) in large print at the centre of the bill. Under that, in smaller print, it said: "*pesos convertibles*". The word *peso*, alone, was thus used in the most visible place of the bills. Even though it could be difficult for tourists to distinguish between the two sorts of bills, there was, at least, a clarification printed on the bill and the distinction thus explicitly stated. On the coins, however, no such explicit statement was made. To distinguish between CUC and MN coins one had to simply *know* that CUC-coins were made of a heavier, shinier metal. Significantly the difference was expressed in a far from neutral way: a "better" metal was used for the CUC-coins, thus expressing higher economic value with beauty and weight.

Restaurants, shops and other establishments seldom announced explicitly what currency they operated in and it was hardly ever necessary to do so. If entering a shop with air condition and

shelves full of products in brightly colored packages, for example, you could be sure of having to pay in CUC. Was there no air condition and you had a hard time deciding whether the selves were half-full or half-empty you had to pay in MN. Was the taxi an old American from before the Revolution with a pre-fixed route, you just knew you had to pay in MN. Was it a modern car with taximeter and chauffeur in uniform that took you exactly where you wanted, you were expected to pay in CUC. Tomato paste in hermetically sealed and brightly colored packages was sold in air conditioned stores in CUC. Was it, however, sold in unmarked plastic bottles (once containing soda) in an open-air market or "on the street" (i.e. illegally) the prize was in MN.

The lack of explicit verbal statements – in talk as well as in text – concerning which currency one referred to or which should be used in a given transaction had to do with what Bourdieu (1990, p. 19) calls "learned ignorance", which defines the practical mastery of the world possessed by agents with a habitus well attuned to their surrounding. Bourdieu (1998, p. 8) describes the habitus as "[...]classificatory schemes, principles of classification, principles of vision and division[...]" these, he insists, fulfill not only cognitive functions but also practical ones.

They are tacitly acquired through practice and provide dispositions for practice attuned to the objective structures that created them (Bourdieu, 1990, p. 95). They are, furthermore, internalized and embodied resulting in "durable dispositions to recognize and comply with the demands immanent in the field" (Bourdieu, 1990, p. 58). Asking people to explicitly state which currency they were talking about clearly pointed to the fact that I – as a foreigner – lacked this practical mastery since "[t]he *habitus* makes questions of intention superfluous, not only in the production but also in the deciphering of practices and works." (Bourdieu, 1990, p. 58, emphasis in original).

As people handled these two currencies and made the dual economy understandable and meaningful, they interpreted the difference in economic value in cultural terms by inserting this fundamental division in a classified universe of symbolic attributes. And so, states Bourdieu (1998, p. 8), a whole language of difference and distinction emerges.

Through this symbolic language the things, places and people associated with CUC are made (24 times) more valuable and desirable than those associated with MN. This was signaled in every way possible: shiny, colorful, clean, cool, well-stocked, hygienic, modern, effective, beautiful, fast. Every trait that was perceived as nice and good was, more often than not, associated with CUC and even though everybody had to have access to both currencies in one way or the other, they could be said to divide the reality in Havana in very distinct categories: things bought in one currency as opposed to the ones bought in the other, establishments accepting either one or the other, people with more access to this currency or that, etc.

The division expressed in this body of categorizations was constantly formulated and reformulated in daily interactions. During one period of my fieldwork I lived together with a Cuban friend in a house we borrowed. When moving in I brought the foodstuffs I had in my previous house, amongst them half a bottle of sunflower cooking oil bought in the CUC-store. My friend, on the other hand, brought things from her parent's place where she had lived, amongst them a two-liter unmarked plastic bottle of cooking oil. She was proud of having managed to get hold of the oil so cheaply and in MN too. I asked her how she had made the bargain and she said that a relative knew a man who worked in a *bodega*² catering subsidized rationed goods and he sold the oil to her: "In part it is sad because that means he robs it from the rations. But on the other hand it is the only way for us without access to CUC to get hold of oil." I was the one doing most of the cooking in the house and decided to use up the half-empty bottle of CUC-oil before opening the full bottle of MN-oil. One day my friend saw me in the kitchen and, pointing at the CUC-bottle, commented: "You shouldn't use that oil to fry in. Save it for salads and take the other oil for frying." I asked her why and she replied: "Well, the oil from the store is nicer... I don't know... The one from the *bodega* is cruder and not as clean."

Foodstuffs sold in MN were not only considered of inferior quality but even potentially dangerous. Lack of refrigeration and unhygienic containers were mentioned as contributing to health hazards connected to foodstuffs sold in MN. One of my interlocutors explained her preference for tomato paste sold in CUC:

² *Bodegas* are state owned stores that sell quotas of rationed items at subsidized prices in MN. People are given access to this rationed market through ration-booklets connected to housing units.

I like to always buy the purée in the [CUC] store because the kids like to have their food with purée and I simply don't trust the one sold in the street or in the *agro*³. If it was for my consumption I might, but not for my kids. Sometimes they sell a very good purée in the *agro*. In big cans for 50MN with a thick purée. It is very good and one can see that the purée comes from a factory, that it is sealed. But you only see it sporadically. You can never count on finding it.

In the construction of differences associated with the two currencies there was one dichotomy that was recurrent. While MN was associated with Cuba and Cubans, CUC was associated with foreign places and people – tourists as well as Cuban migrants. Cuban salaries were principally paid in MN while foreigners had primarily access to CUC. The tourist industry with hotels, “nice” restaurants, night clubs, pools etc. operated entirely in CUC. Remittances received from family and friends abroad were cashed in said currency. Products of internationally known brands were exclusively sold in CUC. Even in the names used for the two currencies the words “national” and “Cuban” were used to denote MN even though the two currencies were equally Cuban and none of them even officially recognized outside the island.

When the MN and all things, places and people associated with it – including the whole country and its population – was constantly represented with culturally negative traits and, literally, worth a 24th part of those associated with the CUC, something happened. In the words of Bourdieu:

Thus, through the differentiated and differentiating conditionings associated with the different conditions of existence, through the exclusions and inclusions, unions [...] and divisions [...] which govern the social structure and the structuring force it exerts, through all the hierarchies and classifications inscribed in objects [...], in institutions [...] or simply in language, and through all the judgments, verdicts, gradings and warnings imposed by the institutions especially designed for this purpose [...] or constantly arising from the meetings and interactions of everyday life, the social order is progressively inscribed in people's minds. Social divisions become principles of division, organizing the image of the social world. Objective limits become a sense of limits, a practical anticipation of objective limits acquired by experience of objective limits, a ‘sense of one's place’ which leads one to exclude oneself from the goods, persons, places and so forth from which one is excluded. (Bourdieu, 1984, pp. 470-471)

³ Short for *mercados agropecuarios*, open-air markets for agricultural products. There are both state-owned and private and all operate in MN.

The difference created between the two currencies was, in other words, only the tip of the iceberg as it was directly related to a differentiated symbolic universe encompassing the contemporary stratified society in which people lived – the social order, in the words of Bourdieu – where new differences and inequalities between people have emerged since the special period. But limits are often fuzzy, symbols can be deceiving and sometimes people act contrary to their sense of place and resist exclusion. During fieldwork it was precisely in situations where limits and categories were challenged that the tangle of values and categorizations surrounding the two currencies emerged in all its power and complexity.

One unbearably warm and humid summer day, for example, two friends of mine – a young couple – called me from *El Hotel Nacional*, one of the most famous and expensive hotels in Havana, and invited me and my husband to lunch. We immediately cancelled everything we had planned for the day, dressed in what we thought would be proper clothes and went with very high expectations. We were dying to know how our friends had been able to stay at the hotel, normally a privilege of foreigners.

As we arrived they reminded us that one of them was politically active at the time and told us he had won a stay in the hotel with his girlfriend as a reward for being a good revolutionary. Or, rather, he had won the privilege of paying in MN instead of CUC in this particular hotel with a rate of 1:1. They had had to save up enough money (2-3 average monthly salaries, he estimated) to be able to pay for a couple of nights, had paid it to the organization he had been active in and had gotten a paper with a number of credits with which they could stay and eat at the hotel. There were, however, restrictions. As far as beverages went, only two or three brands of imported beers could be bought with the credit and to have access to the pool the exchange rate was less favorable. Their possibility to claim conditions equal to the ones applied to the foreigners staying in the hotel was also restricted. They told me they had probably gotten the worst room: small with crackled tiles in the bathroom and light bulbs missing in several lamps.

We were all, however, very happy to be there and for my friends it was just wonderful being able to – for once – invite *us*. And to a really *nice* place too! Since my revolutionary friend knew of

my skeptical stance towards the Cuban government this was also, I guess, a way of showing me that even ordinary hard-working Cubans as themselves could have access to fashionable establishments normally reserved for foreigners with lots of CUC.

We sat down at a table in an open restaurant with a view to the sea and as the waitress approached our table with four menus in her hands she asked whether we were staying at the hotel. My friend nodded and handed her the paper with his remaining credits. She took the paper, turned around without a word and left with the menus still in her hands. After a while she returned without menus and asked, rather impolite, whether we wanted pork or chicken. We told her we would like the menus and with a sour face she went for them. While handing us the menus she asked what we wanted to drink and when my friend ordered a Heineken she just could not seem to understand until he pronounced it correctly (or, rather, in a way she considered correctly). After correcting my friend's Dutch she announced that he could not order that brand since he was paying in MN. He insisted and told her he just had a Heineken in the hotel bar before coming for lunch. She just shook her head: "Foreign beers are not included in the offer to customers in MN." He asked her to get correct information since she obviously was misinformed, and they started arguing. At last she left and started talking to some other employees at the restaurant. Our table had gotten silent and it was hard to tell whom of us was most embarrassed. Eventually the waitress returned and told us we could order the cans of Heineken but not the bottles. "The thing is we almost never have cans... But today we do have some." My friend could – at last – order his beer.

She treated us extremely impolite during the whole meal and seemed to be making everything in her power to make us feel inferior, unworthy of her attention, cheap. She never used polite conjugations of verbs, she never asked us to excuse errors committed and she just plain ignored us when we tried to claim her attention. Since the menu stated that one could ask for more of the food one ordered without additional costs, my friend – the same who wanted Heineken – asked if that was so for the meat too or just for the starch and sides. Her reply was: "*Eso tu lo sabes, así que no te hagas.*" (You know that so don't play stupid), an answer that is not just impolite but overtly rude.

After ordering, we commented the behavior of the waitress and one of my friends just shrugged: "This is the way they treat Cubans paying in MN. They just want us to feel inferior." And my other friend added: "This is just to show us she is superior to us since she has more money. In other countries the waiters earn less than the customers they serve but here they don't, at least not when they serve Cubans. This is just a way for her to show that."

I told the anecdote to several people in Havana and it was evident that no one was overtly shocked or surprised when hearing about the waitress' behavior, even though they considered it wrong. This, it seems, was just what people expected and the explanations given were never of an individual sort in line with the waitress having "a bad day". Instead, everybody saw this as an expression and result of social and/or economic conditions. Some said there weren't any economic incentives to treat us good since she knew we would not (or could not) tip her. People also pointed to the fact that it was rather difficult to lose one's job when employed by the state: she knew she wouldn't get fired for treating us bad. One interlocutor even said that she probably tried to refuse us the beer since she and the other employees most likely sold the quota of MN-beers in CUC and pocketed the profit.

Other explanations had less to do with money and more to do with inequality and power, as both of my friends in the hotel said: she wanted us to know we were inferior. They, as well as several of the people to whom I talked to about this event, related this to economic position and nationality – which in emic notions is one and the same thing. Her behavior expressed her lack of economic incentives to treat us good. It seemed that good service for most people in Havana indicated an economic *need* to be service-minded and thus also an inferior position in relation to the customer. To treat someone good in such a situation was to signal economic and/or social inferiority and dependence. Her rudeness was, then, in part an effort at positioning herself on a superior position in relation to us. She was a successful worker in the tourist industry who, just as my friend said, earned far more than any Cuban customer paying in MN. Many were of the conviction that she had not understood that I was a foreigner since they believed that would have changed her behavior completely.

Interestingly this does not correspond with my own experiences. As a foreigner in Havana I was often treated in a similar (although not as overtly rude) manner as the one described above – an experience I share with many other foreigners I talked to. The association between service-mindedness and inferiority and the need to position oneself on an equal or superior position was, in fact, as relevant in relation to foreigners as between Cubans. The *economic* superiority enjoyed by foreigners in Cuba was thus challenged *socially* to a greater degree than many of my Cuban interlocutors thought. The *belief* that foreigners were treated better was, however, significant and Porter (2008) argues that Cubans experience feelings of “second-hand citizenship” and discrimination in their own country in comparison to the treatment and rights to consumption (believed to be) enjoyed by tourists.

My analysis of the above case differs somewhat from my interlocutor's and centers around the fact that we paid in the wrong currency. Beyond economic incentives and personal power-plays there was the system of classifications underlying not only the dual economy but a differentiated contemporary Cuban society. The *Hotel Nacional* is the epitome of all things associated with CUC. It is a place for relaxing and enjoying oneself far removed from everyday struggles and preoccupations. It is well known as one of the best hotels in the country and a place where celebrities have stayed. It is expensive, luxurious, beautiful and at the time reserved for foreigners as Cubans were not allowed to stay there⁴. The everyday, non-modern, dull, Cuban world of MN had nothing to do with it and by extension neither did we. According to Bourdieu (1984, p. 477) classificatory systems are far from neutral but the site of struggles for power where limits are constantly attacked and defended. The stake in these struggles is symbolic capital which Bourdieu describes as follows:

Symbolic capital is an ordinary property (physical strength, wealth, warlike valor, etc.) which, perceived by social agents endowed with the categories of perception and appreciation permitting them to perceive, know and recognize it, becomes symbolically efficient, like a veritable *magical power*: a property which, because it responds to socially constituted “collective expectations” and beliefs, exercises a sort of action from a distance, without physical contact. (Bourdieu, 1998, pp. 102, emphasis in original)

⁴ This has changed and those Cubans who can afford it are now allowed in all national hotels.

A crucial aspect of symbolic capital is that it has to be recognized as important, meaningful and valuable both by those who possesses it and, importantly, by those who do not (Bourdieu, 2000, p. 242). The symbolic power of a place like the *Hotel Nacional* rests precisely on the fact that so many people are effectively excluded from it: "The prestige of a salon (or a club) depends on the rigour of its exclusions (*one cannot admit a person of low standing without losing in standing*) [...]" (Bourdieu, 1990, p. 137, my emphasis).

Seen in this way, the behavior of the waitress was a result of our failure to know and keep our place thereby challenging the symbolic power of the place and everything associated with it. Her actions were a series of condescension strategies that both presupposed a shared knowledge of the classificatory scheme and structure of power within which we acted *and* enforced this in practice by pointing at the violation done by us (Bourdieu, 1984, p. 472). We attacked the limits and she defended them.

To sum up: In the dual economy difference was created by translating economic difference in cultural terms. The MN/CUC dichotomy was inserted in a habitus, a classified symbolic universe, infused with an unequal distribution of symbolic capital the made all things, places and people associated with CUC 24 times more valuable than those associated with MN. While this system of classification is reproduced through everyday acts of differentiation and evaluation there were also situations where the division was challenged and had to be defended.

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