

The City of Havana in a Future Transition Towards Freedom

Economic Implications

The Great Dilemma

How to Develop the Cuban Economy
While Preserving the Value of
The Architectural and Historical
Heritage of its Capital

Two Sets of Opposing Forces

- The need of urgent economic reconstruction (Private Sector)
- Preserving the value of its historical and architectural heritage (Public Sector)

Basic Facts in the Short Run

- Unchecked economic recovery would destroy an unknown portion of the city's heritage
- The preservation of the city's heritage represents an unavoidable constrain to economic reconstruction
- Therefore, preservation comes at an economic cost, and economic recovery comes at a cultural cost.
- How could the country afford both?

Basic Facts for the Long Run

- The preservation effort needs economic resources and has an opportunity cost, thus it depends on economic recovery.
- The economic recovery needs the preservation as it will depend on tourism.
- Therefore, the cost of preservation is an investment in the future of the economy and the city's and country's cultural value.

The architectural and historical heritage of Havana is a Public Good because

- It is “consumed” by everyone
- There is no rivalry in its “consumption”
- It cannot “exclude” anyone from “consuming” its beauty, landscapes, cultural heritage, and ambiance
- The preservation cannot be provided by the market or private activities acting alone.
- There are no individual incentives to pay for preservation

As cultural heritage is a public good

- Its preservation requires funding and management by the local and national governments,
- The funds must come from taxation or other government revenues,
- The volume of revenues depend on the level of economic activity,
- The allocation of funds to preservation must be approved by the private sector in a democracy.

Therefore, to achieve a working equilibrium between preservation and reconstruction we need to

- Raise the level of understanding of the population on the value of preservation, even for long-term economic benefits;
- And recruit government officials capable of formulating and implementing policies compatible with both objectives.

Thank you