



FROM REVOLUTION TO RECREATION: ANALYZING THE IMPACT OF TOURISM ON CUBA'S ECONOMY AND SOCIETY

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Abstract

The story of transformation in Cuban economy and society through tourism growth, identifying its twin functions as source of significant economic motor and social changer, is revealed in this article. How tourism has emerged to be among the country's sources of sizeable revenue that translates into growth of GDP, job creation, and infrastructure expansion is explained by this article. Simultaneously, it measures the social impact, which involves cultural exchange, shifting social norms, and increasing economic inequality. Scholarship sets the government policies that have shaped the sector, foreign investment, and the challenge of balancing economic gains with societal cohesion. Drawing on the mixed bag of statistical data, case research, and policy assessments, the article aims to come up with a wide perception of the mechanisms through which tourism reordered the modern Cuba. Lastly, it determines whether such transformation has promoted sustainable economic progress or exacerbated long-existing inequalities in Cuban society.

Keywords: Cuba, tourism, economic impact, social change, cultural exchange, government policy, foreign investment, economic disparities, sustainable development, infrastructure growth.

Annotatsiya

Ushbu maqolada Kuba iqtisodiyoti va jamiyatining turizm o'sishi orqali qanday o'zgarishlarga duch kelgani haqida. Turizm mamlakatning muhim iqtisodiy dvigatellaridan biri va ijtimoiy o'zgarishlar vositasi sifatida qanday rivojlanganligi ochib beriladi. Maqola turizmning yirik daromad manbaiga aylanishi, YaIM o'sishiga, ish o'rinlari yaratishga va infratuzilma kengayishiga qanday ta'sir



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ko'rsatganini tushuntiradi. Shu bilan birga, uning ijtimoiy ta'siri ham baholanadi: madaniy almashinuv, ijtimoiy normalarning o'zgarishi va iqtisodiy tengsizlikning ortishi. Ilmiy tadqiqotlar ushbu sohani shakllantirgan hukumat siyosatini, xorijiy investitsiyalarni va iqtisodiy yutuqlarni jamiyat birligi bilan muvozanatlash muammolarini o'rganadi. Statistik ma'lumotlar, holat tadqiqotlari va siyosat tahlillariga tayangan holda, maqola turizmning zamonaviy Kubani qanday qayta shakllantirgan mexanizmlarini keng qamrovli tushunishga intiladi. Nihoyat, ushbu o'zgarishlar barqaror iqtisodiy taraqqiyotni rag'batlantirganmi yoki Kubadagi mavjud ijtimoiy tengsizliklarni kuchaytirganmi, degan savolga javob izlaydi.

Kalit so'zlar: Kuba, turizm, iqtisodiy ta'sir, ijtimoiy o'zgarish, madaniy almashinuv, hukumat siyosati, xorijiy investitsiyalar, iqtisodiy tafovutlar, barqaror rivojlanish, infratuzilma o'sishi.

Аннотация

В этой статье рассматривается трансформация экономики и общества Кубы через рост туризма, который выступает одновременно значительным экономическим двигателем и фактором социальных изменений. В статье объясняется, как туризм стал одним из крупных источников дохода страны, способствуя росту ВВП, созданию рабочих мест и расширению инфраструктуры. Одновременно анализируется его социальное воздействие, включая культурный обмен, изменение социальных норм и усиление экономического неравенства. В научных исследованиях рассматриваются государственная политика, сформировавшая этот сектор, иностранные инвестиции, а также вызовы, связанные с балансированием экономических выгод и социальной сплоченности. Опираясь на статистические данные, изучение конкретных случаев и анализ политики, статья стремится дать всестороннее понимание механизмов, с помощью которых туризм перестроил современную Кубу. В завершение оценивается, способствовала ли эта трансформация устойчивому экономическому развитию или усугубила давнее социальное неравенство в кубинском обществе.



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Ключевые слова: Куба, туризм, экономическое воздействие, социальные изменения, культурный обмен, государственная политика, иностранные инвестиции, экономическое неравенство, устойчивое развитие, рост инфраструктуры.

Introduction

The economy of Cuba has undergone a great deal of change, and tourism has emerged as one of the primary growth drivers. Cuba went through a severe economic crisis (Período Especial) when the Soviet Union collapsed, following which the government bet on tourism to revive the economy. The industry is today one of the largest contributors to GDP, with millions of visitors from Europe, Canada, and, to a smaller extent, the United States.

Tourism has benefited economically, creating jobs and improving infrastructure. Its impacts are uneven, though. Workers in tourism are better paid in foreign exchange terms, but workers in state-controlled sectors, such as education and health, continue to be poorly paid. Socially, tourism has encouraged cultural commercialization and widened economic disparities.

Cuba's dependency on exogenous forces, including political sanctions and global tourism trends, also creates additional vulnerabilities. The COVID-19 pandemic also exposed the sector's vulnerability. This article considers the economic and social role of tourism, analyzing whether it promotes sustainable development or entrenches existing inequalities.

Literature review

Tourism has been the linchpin of social and economic development in Cuba, particularly after the fall of the Soviet Union. Various writers have scrutinized its implications from an economic, social, as well as policy perspective and presented a bird's eye view of its weaknesses and resilience. There will be mentioned the main source-literatures.

Steagall et al. (1997) in Cuban Tourism, Economic Growth, and the Welfare of the Cuban Worker outline the impact of tourism on economic growth and welfare of the Cuban workers. They explain that tourism creates foreign exchange and



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employment, but also widens income disparities because the workers in the tourist sector earn much more than the workers in the state-sector industry.

Espino (2000) in *International Tourism in Cuba: Can Capitalism Be Used to Save Socialism?* describes the irony of conducting the tourism business within Cuba's socialist scheme of things. The thesis argues that although tourism has helped keep the Cuban economy afloat, it has brought capitalist influences on to the island state, and this is inimical to the ideological foundation of the state.

McKenna (2003) in *Tourism and the State in Cuba: From the Past to the Future* provides an explanation of policies that have framed Cuba's tourism industry. The author expounds on the state enterprise function in operating the industry and how policy shifts, particularly after the Special Period, have influenced Cuba's foreign tourist dependence.

Taylor and McGlynn (2009) in *Winners and Losers in Restoring Old Havana* discuss the socio-economic impact of restoration initiatives by tourism development in Havana. To them, such initiatives have preserved cultural heritage and infused foreign investment but at the expense of displacing citizens, which may result in social inequality.

Suddaby et al. (2019) in *Challenges of Tourism in a Dynamic Island Economy* are concerned about the long-term sustainability of Cuba's tourism model. To them, even though the sector has initiated economic development, political instability, degradation of the environment, and foreign market dependence are some of the most significant issues.

They were chosen on the basis of academic merit, diversity of opinion, and rigorous study of Cuba's tourism industry. They offer insightful perspectives on the economic gains, policy aspect, and social impact of tourism, and are therefore instrumental to the analysis of its contribution towards Cuba's development. All the reports use rigorous research approaches, which provide assurance to the authenticity of the findings and complement a wide-ranging forum on the subject.

Methodology

The research method employed in this study employs a qualitative method with case study analysis and comparative studies to examine the impact of tourism on Cuba's



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economy and society. Secondary data from international report like WorldData will be employed to provide statistical data and also scientific articles of prestigious institutions. Policy analysis will also assess government policies that affect the tourism sector. Academic journals and economic reports will also be supplemented with content analysis to better understand the tourist-driven transformation of Cuba.

Results

The tourism industry of Cuba is one such dynamic so intricate where economic profits are weighed against monumental challenges. Tourism has served as the chief driver of post-Soviet economic change in Cuba, providing foreign exchange and employment critically required. However, dependency on the industry has come with economic frailties in the form of vulnerability to world crises, fiscal deficits, and earnings disparities. The report points to the volatility of tourist arrivals, specifically the steep decline during the period of the COVID-19 pandemic, which underscored the fragility of an economy that is highly reliant on tourism.

Social and cultural life, on the other hand, has been paradoxically organized through tourism. It has fostered, along with initiating modernization, cultural exchange, and infrastructure development, inflation of cost of living, economic imbalance, and commodification problems in culture as well. It is contended through the study that while tourism encouraged preservation of cultural heritage monuments, economic development and cultural purity are inevitably problematic.

In order to achieve sustainable development, Cuba ought to adopt a diversified economic policy to curb its over-reliance on tourism and diversify other sectors such as agriculture, renewable energy, and technology. Promoting domestic tour firms and small enterprises will ensure equal distribution of economic benefits among its people.



SWOT

Strengths	Opportunities
<ol style="list-style-type: none">1. Strategic Geographic Location Cuba's location in the Caribbean makes it a prime tourist destination2. Rich Cultural Heritage The country's history, music, and architecture attract millions of visitors annually3. Diverse Natural Attractions Beaches, national parks, and eco-tourism opportunities enhance Cuba's appeal4. Established Tourism Infrastructure Significant investments have been made in hotels, transport, and hospitality services	<ol style="list-style-type: none">1. Development of Sustainable Tourism Eco-tourism and cultural tourism can attract socially conscious travelers while preserving heritage2. Diversification into Other Industries Strengthening agriculture renewable energy and technology can reduce economic dependence on tourism3. Expanding Regional and International Partnerships Improved diplomatic relations and trade agreements can boost foreign investment4. Leveraging Digital Tourism Utilizing digital marketing and online booking platforms can increase accessibility and attract more tourists
Weaknesses	Threats
<ol style="list-style-type: none">1. Overreliance on Tourism A significant portion of Cuba's GDP depends on an unpredictable sector2. Limited Economic Diversification Other industries such as technology and manufacturing remain underdeveloped3. Economic Disparities Income inequalities between tourism-related workers and other sectors continue to widen4. Restricted Private Sector Growth State control over the economy limits opportunities for local entrepreneurs in tourism	<ol style="list-style-type: none">1. Global Economic Uncertainty Financial crises pandemics and geopolitical tensions can drastically affect tourism2. U S Sanctions Economic restrictions limit Cuba's ability to attract U S tourists and receive foreign investments3. Climate Change and Natural Disasters Rising sea levels and hurricanes pose risks to coastal tourism infrastructure4. Inflation and Rising Costs Increased demand for housing and services in tourist areas raises the cost of living for locals

Discussion

The economic profile of Cuba has undergone dramatic transformation, particularly in regard to its tourism industry as one of its pillar economics. Historically, Cuba had a subsidized, state-dominated economy supported by the Soviet Union. The fall of the USSR in the early 1990s set Cuba into a severe economic crisis, known as the "Special Period," which necessitated the quest for new sources of income. Tourism



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was cultivated as a strategic sector to counteract economic hardships, leading to heavy investments in infrastructure and the promotion of Cuba as a great Caribbean destination.

According to the WorldData's information Cuba's tourism sector has seen quite some ups and downs in the recent past. The country in 2018 welcomed a record number of foreign tourists, at 4.71 million. This number was slightly reduced in 2019 to around 4.2 million. The COVID-19 pandemic led to a steep drop in tourist arrivals with only 1.61 million tourists visiting in 2022. There was a slight gain in 2023 with 2,436,979 foreign visitors, which was an increment of 822,892 over the previous year. Despite the fact that there was this boost, the numbers in 2023 did not reach the level expected by the government of 3.5 million tourists. As of 2024, initial projections are for another fall, with around 2.2 million tourists. The downtrend is indicative of the sustained challenge for Cuba's tourism industry from economic troubles, infrastructural issues, and from external sources in the way of international sanctions

These figures demonstrate the unpredictability of tourism in Cuba and its great role in the Cuban economy. Economical diversification as well as addressing elementary problems is key to ensuring future sustainable development. While these attempts, Cuba's tourism reliance has come with a series of economic problems. The COVID-19 pandemic led to a steep fall in tourists coming into the country, where a 92.1% reduction in foreign visitors was reported up to November 2024 compared to the prior year. This autumn translated into a huge foreign exchange revenue loss and that the fiscal deficit reached an estimated 18% to 20% of GDP in 2020. Also, for each dollar earned from tourism, it is estimated that approximately 60 cents are spent as imports to maintain the industry, with a net profit of only 40% of gross revenue.¹ Excessive dependency on tourism has also increased disparities in income and sectoral. While better-paid employment opportunities for tourism industries could be offered, they are more or less relegated to specific areas of a country, rendering

¹ WorldData. (n.d.). *Tourism in Cuba*. Retrieved from <https://www.worlddata.info/america/cuba/tourism.php>

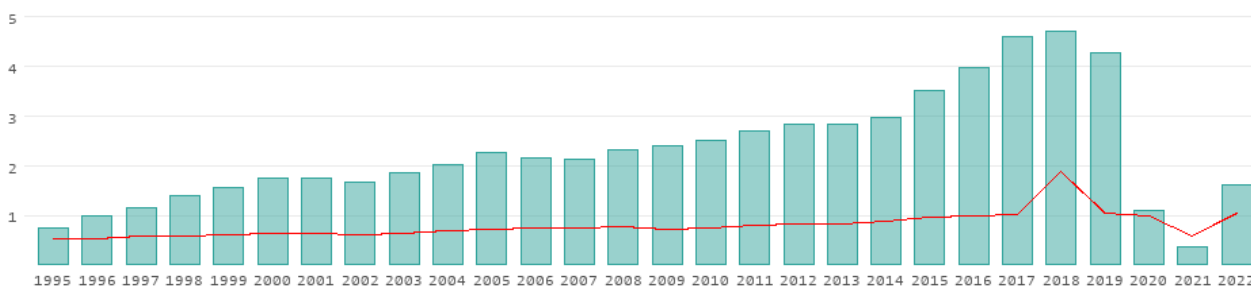
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the rest economically deprived. Additionally, prioritizing investment in tourism has put into light accusations of wastage of resources, especially at times of dearth in common services.²



(Source: WorldData)

The following chart shows the number of tourist arrivals registered in Cuba each year. Anyone who spends at least one night in the country but does not live there for more than 12 months is considered a tourist. Insofar as the survey included the purpose of the trip, business trips and other non-tourism travel purposes have already been excluded. The number of people passing through within the same day, and e.g., crew members of ships or flights are also not considered tourists in most countries. If the same person travels in and out more than once within the same year, each visit counts again. Data in the chart are given in millions of tourists. The red line represents the average of all 20 countries in Caribbean.³

Tourism has made a greatly immense contribution to Cuban society, ushering both change and hardships. Foreign tourist visits have subjected Cubans to exposure to bountiful variety in global culture, resulting in both traditional and modern practices blending. Cultural interaction has been credited with embracing new languages, styles of dressing, and food, particularly in tourism areas like Havana. The exposure poses the danger of eroding Cuba's unique cultural identity as foreign influence overwhelms indigenous practice.⁴

² Taylor Jr, H. L., & McGlynn, L. (2009). International tourism in Cuba: Can capitalism be used to save socialism?. *Futures*, 41(6), pp. 405-413.

³ Perry, J. M., Steagall, J. W., & Woods, L. A. (1997). Cuban tourism, economic growth, and the welfare of the Cuban worker. *Cuba in Transition*, 7, pp. 141-149.

⁴ Perry, J. M., Steagall, J. W., & Woods, L. A. (1997). Cuban tourism, economic growth, and the welfare of the Cuban worker. *Cuba in Transition*, 7, pp. 145-148.



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Economically, tourism has been a double sword for the inhabitants. On the one hand, it has opened up employment opportunities in hospitality, transport, and leisure sectors, providing livelihood to numerous Cubans. On the negative side, the tourism boom has increased living expenses, particularly in tourist destinations. The escalation tends to be higher than domestic incomes, fueling social inequality between workers in the tourism sector and others. Moreover, youth migration to tourist areas seeking higher-paying employment has caused population imbalance and strained local amenities.⁵

Addressing economic benefit alongside cultural heritage remains the main issue. While tourism guarantees the conservation of heritage sites and the continuation of Cuban culture, there is a very thin line between commodification and authenticity. Excessive commercialization can lead to the commodification of culture, where culture is reproduced according to the needs of the tourist at the expense of cultural authenticity. Various steps to adopt sustainable tourist operations which are commensurate with the cultural integrity of Cuba must be adopted in order to achieve economic benefits without the loss of the cultural heritage.⁶

Briefly, tourism has introduced modernization and economic opportunities to Cuban society but simultaneously threatens cultural conservation, social justice, and community resilience. These must be addressed by sound policies that balance economic growth against the conservation of Cuba's rich heritage.

Tourism has been two-edged for the Cuban population, both a blessing and a curse. On the one hand, it has created job opportunities in hotels, restaurants, transport, and other service sectors and helped increase the income levels of most households. This foreign influx of tourists has also spurred infrastructure development in the form of new roads, restoring old monuments, and public amenities at travel destinations. This investment extends far beyond enhancing the travel experience to also enhance

⁵ Rottig, D., Muscarella, S., & Torres de Oliveira, R. (2020). Managing formal institutional challenges when entering Cuba: a multinational corporation perspective. *International Journal of Emerging Markets*, 15(1), 24-49.

⁶ Spencer, R. (2020). Development tourism in Cuba: Experiential learning and solidarity in the development tourism encounter. In *Tourism and Cuba* (pp. 67-82). Routledge.



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the life of local citizens by raising the standard of the level of modern facilities and amenities.⁷

However, the benefits of tourism are not necessarily distributed throughout Cuban society. Most of the tourist revenues go into the state-run institutions and private companies that rely on foreign tourists, with the profits usually avoiding the lower-income residents who do not directly benefit from the industry. Therefore, economic disparities between the beneficiaries of tourism and non-beneficiaries have grown, resulting in an uneven social landscape.⁸

Besides, the increasing demand for services and products in tourist destinations has led to a rise in the cost of living, particularly in major destinations such as Havana, Varadero, and Trinidad. Housing, food, and basic commodities have become more expensive, and it is proving difficult for low-income families to afford basic necessities. It has been most striking in regions where short-term renting, like the *casas particulares*, have gained popularity and increased rents as well as depleted the supply of affordable housing to residents.⁹

To enable sustainable development, it is crucial that Cuba diversifies its economy and reduces its dependence on tourism. It can invest in other areas such as agriculture, renewable energy, and technology, thus creating alternative job opportunities and stabilizing economic growth. In addition, facilitating small enterprise and locally controlled tourism enterprises helps ensure that the local peoples experience more direct gains from revenue from tourism. Encouraging more inclusive economic thinking will allow Cuba to reduce tourism's negative effects while maximally taking advantage of its capacity for generating future wealth.¹⁰

⁷ Sharpley, R., & Knight, M. (2009). Tourism and the state in Cuba: From the past to the future. *International Journal of tourism research*, 11(3), pp. 241-254.

⁸ Hingtgen, N., Kline, C., Fernandes, L., & McGehee, N. G. (2015). Cuba in transition: Tourism industry perceptions of entrepreneurial change. *Tourism Management*, 50, pp. 184-193.

⁹ Kubickova, M., & Lee, S. H. (2020). Cuba today: An overview of tourism competitiveness. *Tourism and Cuba*, pp. 29-49.

¹⁰ Hingtgen, N., Kline, C., Fernandes, L., & McGehee, N. G. (2015). Cuba in transition: Tourism industry perceptions of entrepreneurial change. *Tourism Management*, 50, 184-193.



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