Thank you very much, Luis. I'll try to address the first question you've raised.

I have to say that when the Commission asked me to participate in a panel about Cuba, I was a little surprised. Although I was ambassador there, I left about 25 years ago and have not followed events that closely since. “Not to worry” was the re-assuring response from my interlocutor: “after all, not much has changed in Havana anyway.”

This makes a good starting point because it's true: not much has changed in the intervening 25 years. The basic system remains the same, with many of the original revolutionary players very much in charge, although Fidel is now only a shadowy figure in the background.

The U.S. embargo is still in place, although slightly modified from the time when I was there in the ’80s.

And I just read recently a little snippet in the New York Times that the United Nations General Assembly, for the 20th consecutive year, passed a resolution condemning the United States for the embargo against Cuba. The resolution was supported by 190 to 2, the two being Israel and the United States. Because the resolution has been approved continuously for 20 years, not much has really changed regarding the disapproval of the international community either.

But, yes, there have also been some significant changes over the past decades. The Soviet subsidies are gone, which placed tremendous stress on the Cuban economy when the walls came tumbling down in Eastern Europe. The outsized Eastern European embassies have considerably downsized; the large Communist bloc assistance programmes and the vital Soviet oil shipments have vanished, causing a 40 percent reduction in the Cuban economy during the last decade of the 20th century. However, those East bloc subsidies have been largely replaced over the years by tourists bringing in foreign exchange with which Cuba can purchase goods on the world market. We now have in Cuba close to 2 million tourists every year.

(For example, when I was ambassador there, there were about 40,000 to 50,000 tourists annually — mostly Canadians. Currently, some 900,000 of the two million are my compatriots, Canadians, who go down for cheap flights and free rum (which causes the consular section of the embassy all sorts of problems), and, of course, a-lots of sun in the middle of our cold winters).

These tourists are equipped with cell phones and computers. They now have access to rental cars in Havana. Sidewalk vendors, including open prostitution, and omnipresent restaurants were not apparent in my day. The ability of tourists to interact with the population has had a real impact on Cuban society and cannot be underestimated as a factor in influencing the current change.

So there has been real change, at least visually. Most dramatically, downtown Havana has been completely dusted up, thanks to UNESCO. The centre has become very beautiful and a marvelous example
of 17th century colonial architecture, well worth visiting.

And, of course, in April 2011 there has been the 6th Cuban Communist Party Congress, which approved some important political reforms about which I will talk about in a minute.

So now let me project forward and try out a hypothesis. My hypothesis is that the stability of the post-Castro transition depends as much on attitudes in Miami and in Newark, as it does on decisions taken in Havana.

As people know, the U.S.-Cuba relationship is symbiotic. In describing the extremes on each side of the relationship, some people have referred to two scorpions trapped in a bottle — the one side, the anti-Castro group in Miami and Newark, electing hardline legislators, and on the other side, the Havana hardliners, the Communist Party ideologues.

This symbiotic relationship has not been conducive to the establishment of stable relations between the two countries but it has allowed the two extremes to feed on each other and thrive, thereby sustaining their mutual antagonism over the past half century.

Indeed, I would argue that the U.S. embargo has been the primary cause for the continued existence of the current Cuban regime. It has allowed the Castros to rally their population against the stated perception that, at worst, the colossus of the North is about to invade, or, at best is causing hardships by withholding medicines and food. In a kind of feedback loop, the continued existence of the Cuban hardliners in Havana serves to sustain the militant anti-Castro diaspora in the USA. On both sides of the equation, it is a textbook case of the special interest trumping the general interest.

As we look at prospects for the transition, the first question we have to ask ourselves from the U.S. perspective is: how long will the diaspora, the Cubans in the United States, succeed in electing hardline or anti-Castro legislators like Ros-Lehtinen, Marco Rubio and Diaz-Balart from Florida, Robert Menendez in New Jersey, and so influence U.S. policy in the direction of isolating the Island and its people through pro-embargo actions? I'll try to answer that.

The second question refers to Havana: whether the current Cuban regime will find an acceptable balance on one hand, between incremental steps towards opening the economy and, on the other, satisfying the accompanying demands for early political liberalization?

Let me address the U.S. question first. I think what we're seeing is the greening of the Cuban diaspora. What I mean by that is a Cuban diaspora that is becoming more accepting of improved relations between the United States and Cuba, and less hostile, or less militantly hostile, to the Cuban government.

Let me explain. The 1959 refugees, and those in the early '60s, were the ones who were personally and brutally dispossessed by the Cuban revolution. They were put on planes with only the possessions that they could carry. Many had been had been Social Democrats who had attempted to overthrow the dictator Batista, and then found that their revolution was hijacked by Castro, Che, and others. This generation, now in their 70's, has a strong personal animus against Castro, and they have remained Cubans first and Americans second.

Their children are now in their 50s, and they have obviously inherited some of the strong feelings of their parents, this visceral hate of the Castro brothers. Most importantly, their roots are American; they are Americans first and Cubans second. As Americans, without the firsthand experience of having lived in Cuba, they have a somewhat more detached view of the Cuban leadership.

Their children (we're now getting to third generation) are in their 20s, and they, I think, have a more nostalgic sense of the Island rather than being as emotionally engaged, or politically involved. This generation of the diaspora is less hostile and more favourable to a change in the relationship.

At the same time, the more recent arrivals, who came in the '80s and '90s, were less motivated
politically than being affected by the terrible economic situation of post-Soviet Cuba. They were largely economic refugees, encouraged by the U.S. “dry foot” policy. Many of these people were not, by any means, admirers of the regime, but their principal interest was economic opportunity, as it is for so many people who come to the United States.

Furthermore, they are people who still have family and friends in Cuba. They recognise that their island countrymen are in some measure the primary victims of the embargo. They are open to the argument that the islanders’ life will be improved if the embargo were lifted and relations were normalized with the United States. So they have an immediate and personal reason to see change in the relationship between the two countries.

In this connection, Florida International University did some polling a couple of years ago and, for the first time, a majority of Cubans, 55 percent, in Dade County stated they wished to see the embargo ended. And 65 percent indicated their interest to have the United States and Cuba resume full relations.

To some extent, the Obama administration has responded to changing attitudes by moderating the embargo against Cuba. And to the chagrin of Canadians, the Americans are now the largest source of agricultural imports into the island, having surpassed Canada which, for many years, was the traditional supplier of most agricultural products.

Obama also has eased the travel restrictions for Americans traveling to Cuba as well as increasing the financial amounts that Americans can send to support their families back in Cuba.

So these are modest signs of the U.S. coming slowly to the realization that the old paradigm hasn't really worked and the times: “they are a-changing.”

So, what's happening in Havana? Well, the 6th Party Congress was, in many ways, quite a remarkable one, despite the fact that Raúl Castro and the Moncada generation are still in charge. The fellows who did the revolution back in '59, are now in their 80s and still run the show. From what I understand, however, and I'm sure we will hear more about that later, there has been some new blood and generational change coming up into the Central Committee.

The Party Congress also changed legislation to allow Cubans to buy and sell cars and homes. The introduction of the idea of personal property is a huge change for a regime which disallowed any transfer of property, unless it was the expropriation of exiles’ property by the State. That said, sales are restricted to Cubans on the Island, not to the diaspora (although much of the financing for the sales comes from Cubans offshore).

We've recently seen examples of small businesses (restaurants, car repair facilities, bed and breakfasts etc.) opening up. I don't want to overplay that, or overstate it, but it is happening.

And we are seeing some farmers being able to purchase long-term leases for modest lots on State-owned land in order to turn a personal profit rather than selling their produce through the state-run cooperatives. So there's some change there, I think, that is quite interesting.

And the libreta, which was the ration book, has been abolished, except for those who are in dire straits, thereby further reducing individual dependencies on the state.

The other important change affects some 500,000 state employees who, over time, are being released and will move slowly into what there is of the private sector.

On the social side, something that I certainly appreciated when I was in Cuba is the phenomenon of highly educated human capital. The education system extends to all Cubans and is of a superior level, especially in the applied sciences, such as engineering and medicine.

As the political restrictions are lifted, these are the people who will be able to move very quickly and succeed in a market-oriented economy.
Let me indulge in a little bit of pop psychology: I've always felt, and what I noticed when I was in Cuba, is that the barter system paradoxically does tend to promote and hone entrepreneurial instincts.

For example, if you're a dentist and you want chickens or eggs, you will go to a farm and barter your services as a dentist in return for a desirable amount of the farmer’s produce. There's no currency involved here, but there is real entrepreneurial activity for which the Cubans have become quite adept over the last 30 or 40 years. The proof is how well Cubans in the United States have performed as entrepreneurs.

As the older generations of Cubans on both sides of the water separating Cuba and the United States die off, I am optimistic about a soft landing for the transition from the Cuba that we have known over the years to a stable, market-oriented country having a more harmonious relationship with the USA. I think this will take time because there is a real problem in attempting to sort out the ownership issues affecting properties expropriated in the 1960s.

Indeed, when compared to what has happened from 1989 in Eastern Europe, one might well despair over the rate of progress in Cuba. But the glacier is moving, incrementally, and the ice may well begin to suddenly crack. As long as the U.S. exercises patience and prudence, the transformation should be controlled and stable.

I conclude with a prediction that those two scorpions in the bottle will die, not by inflicting mortal wounds on each other, but they are much more likely to expire of old age.

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