

Macroeconomics

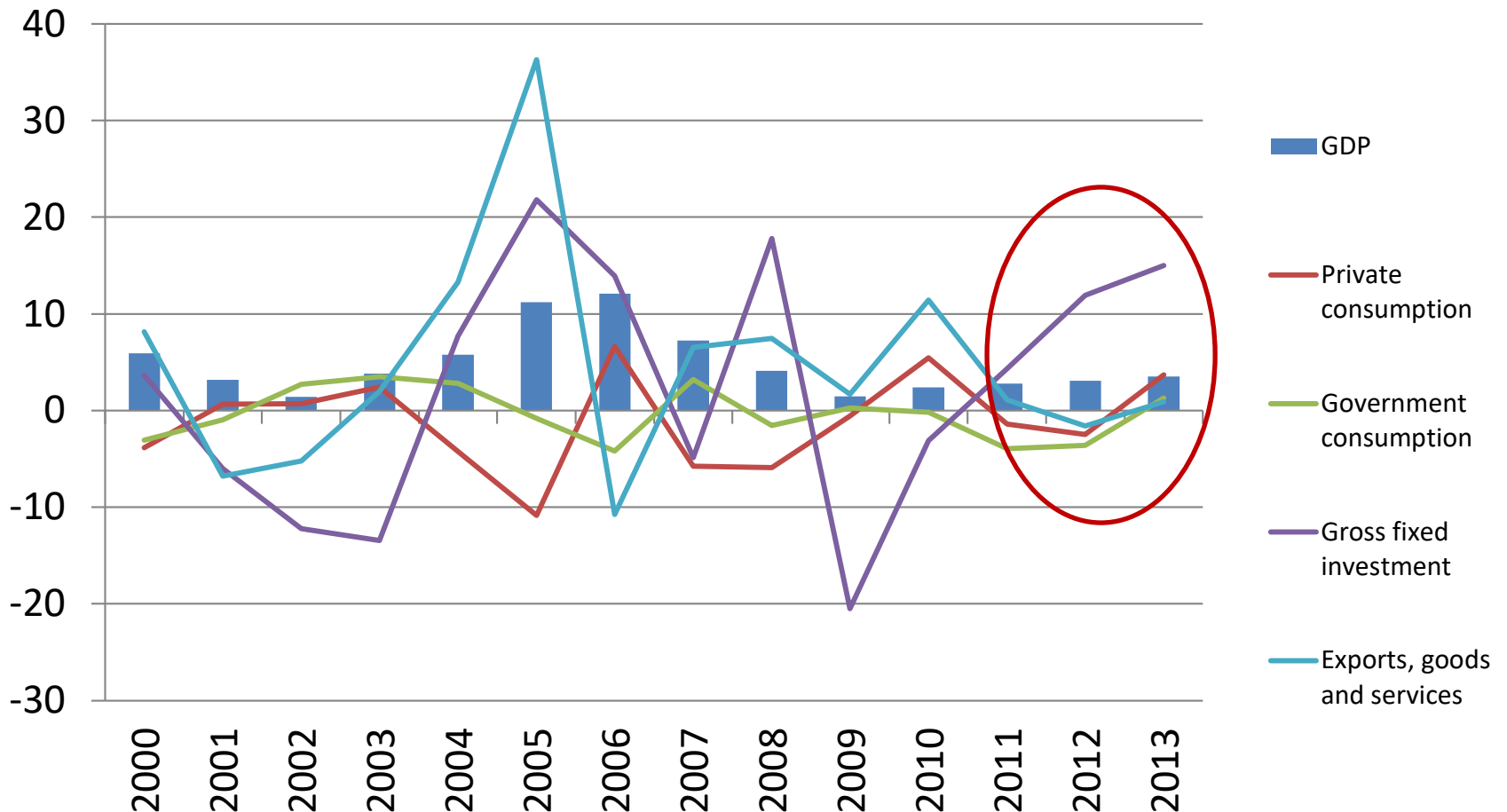
of Cuba's economic transformation so far: strengths, weaknesses and questions

Colloquium on the Cuban Economy
The Bildner Center, City University New York
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GDP: drivers

% gap between annual growth of components and GDP

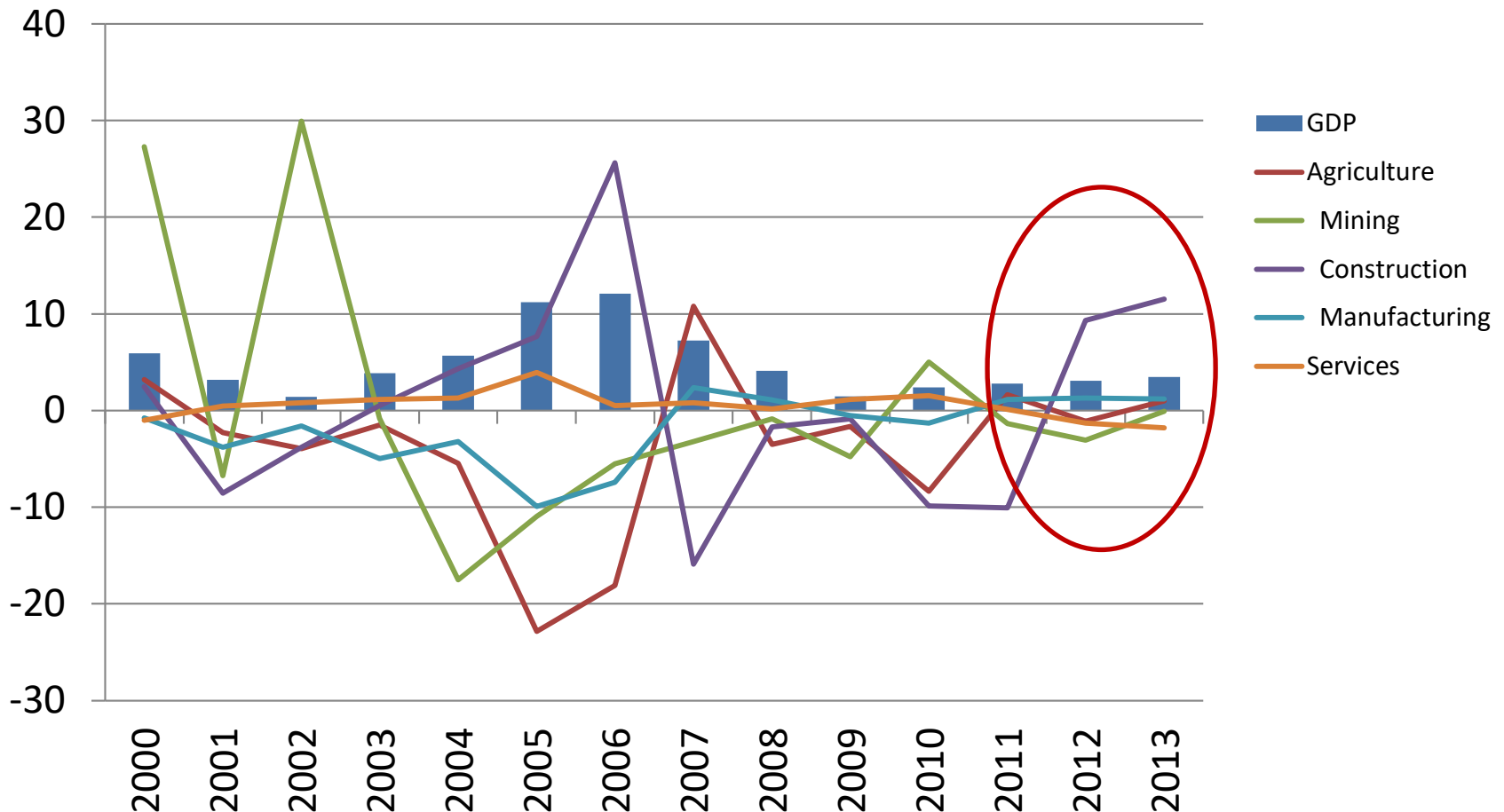
(ONE data; GDP constant 1997 prices; 2012 preliminary; 2013 forecasts)



***From exports and consumption driven growth, to investment-led
– but from a critically low base***

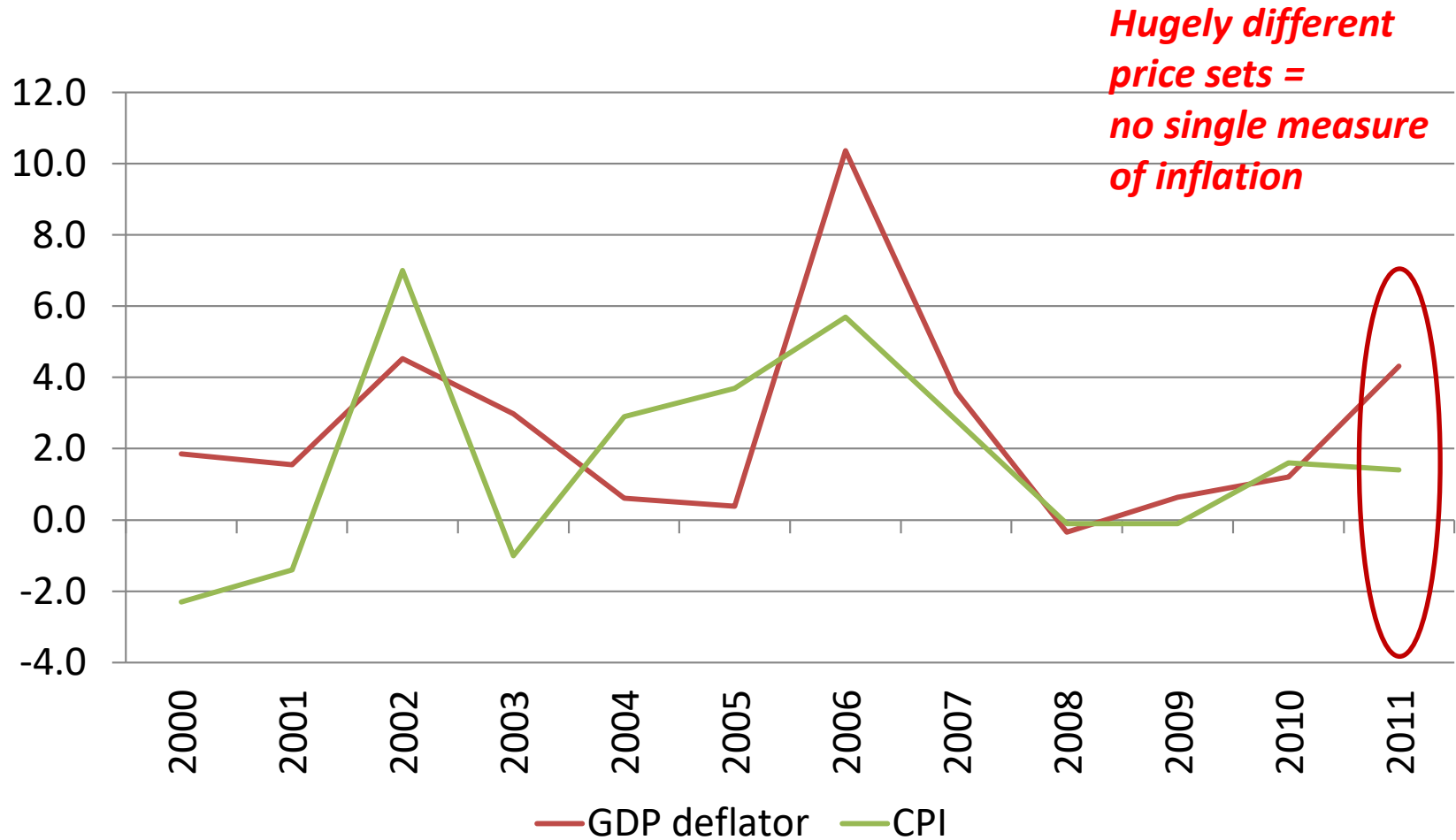
GDP: structural change

% gap between annual growth of sectors and GDP
(ONE data; GDP constant 1997 prices; 2012 preliminary; 2013 forecasts)



Shift from services to construction and manufacturing; elusive agricultural surge

Inflation: the prices problem

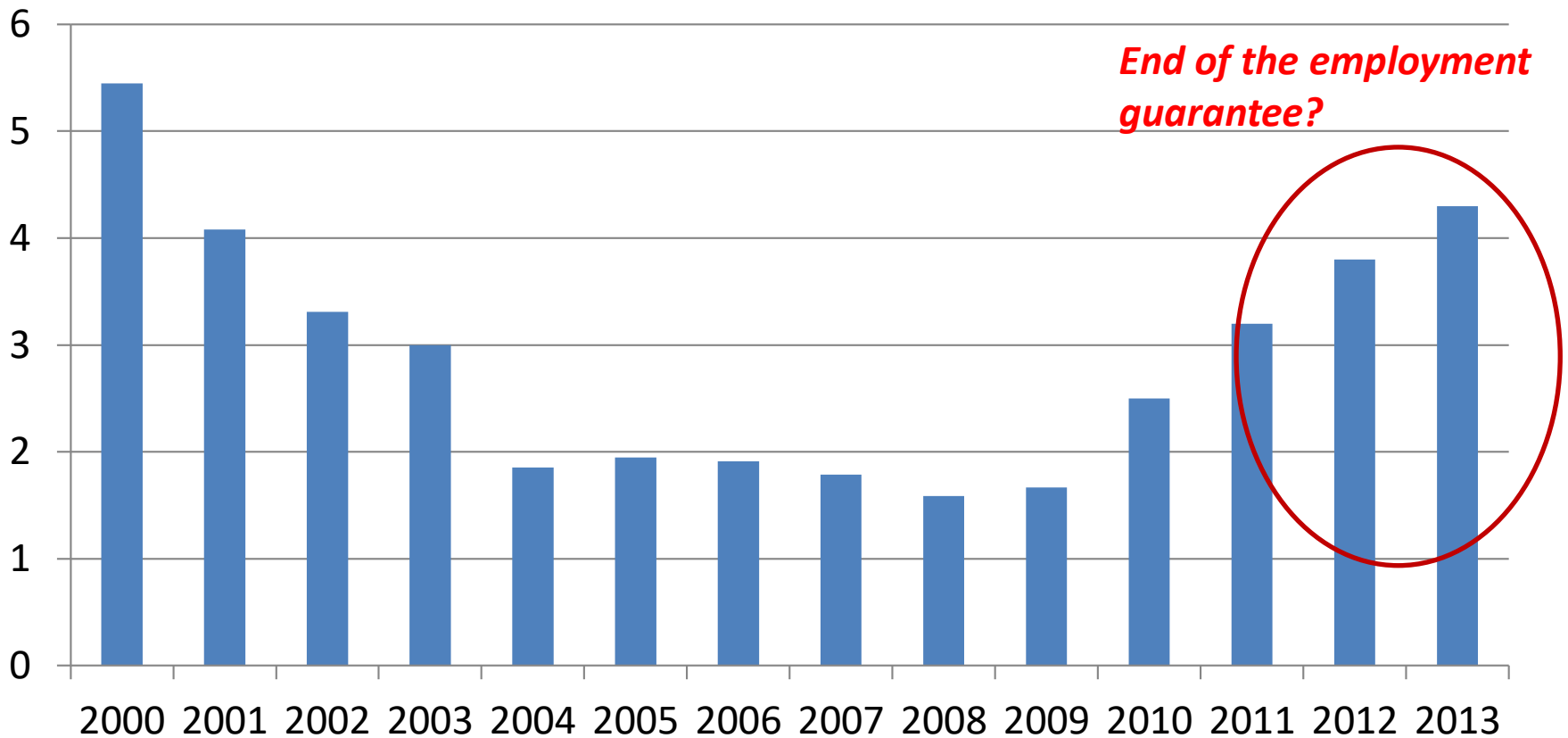


Inflation under control since early 1990s

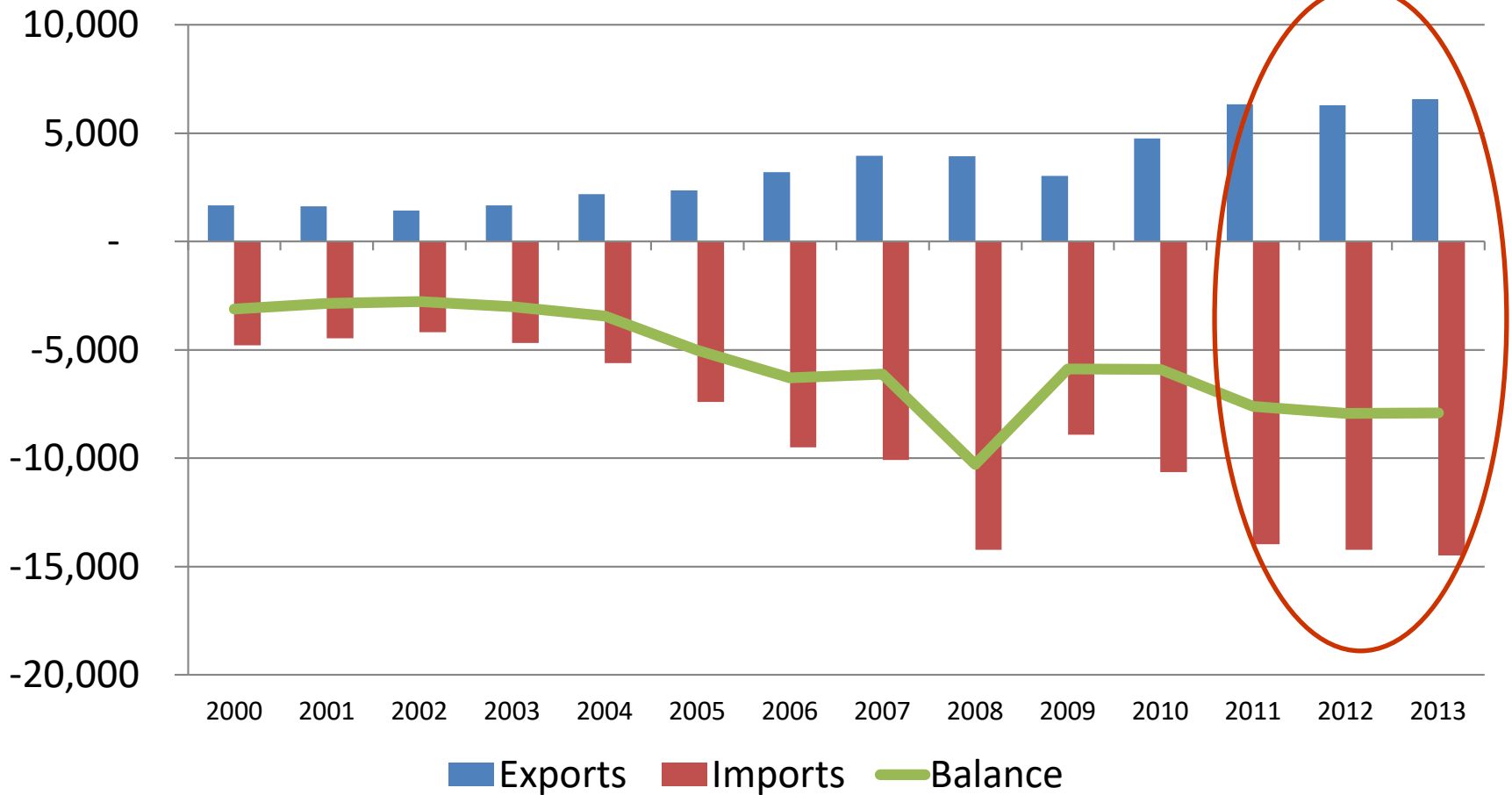
Excess caution??

Employment: new labour market flexibility

Official unemployment rate, % of economically active population



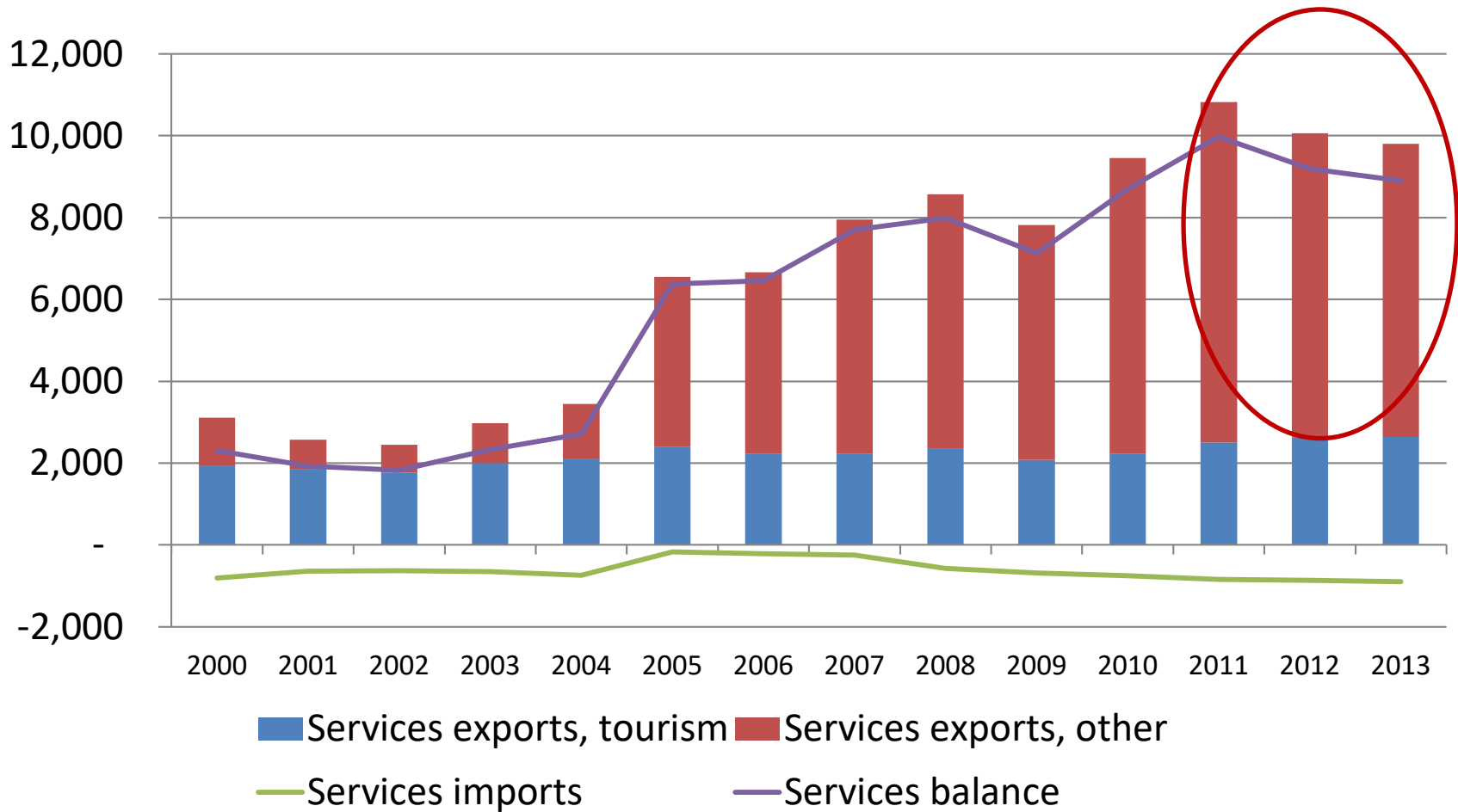
Goods trade (US\$ m)



Negative goods trade balance is not the problem; composition is

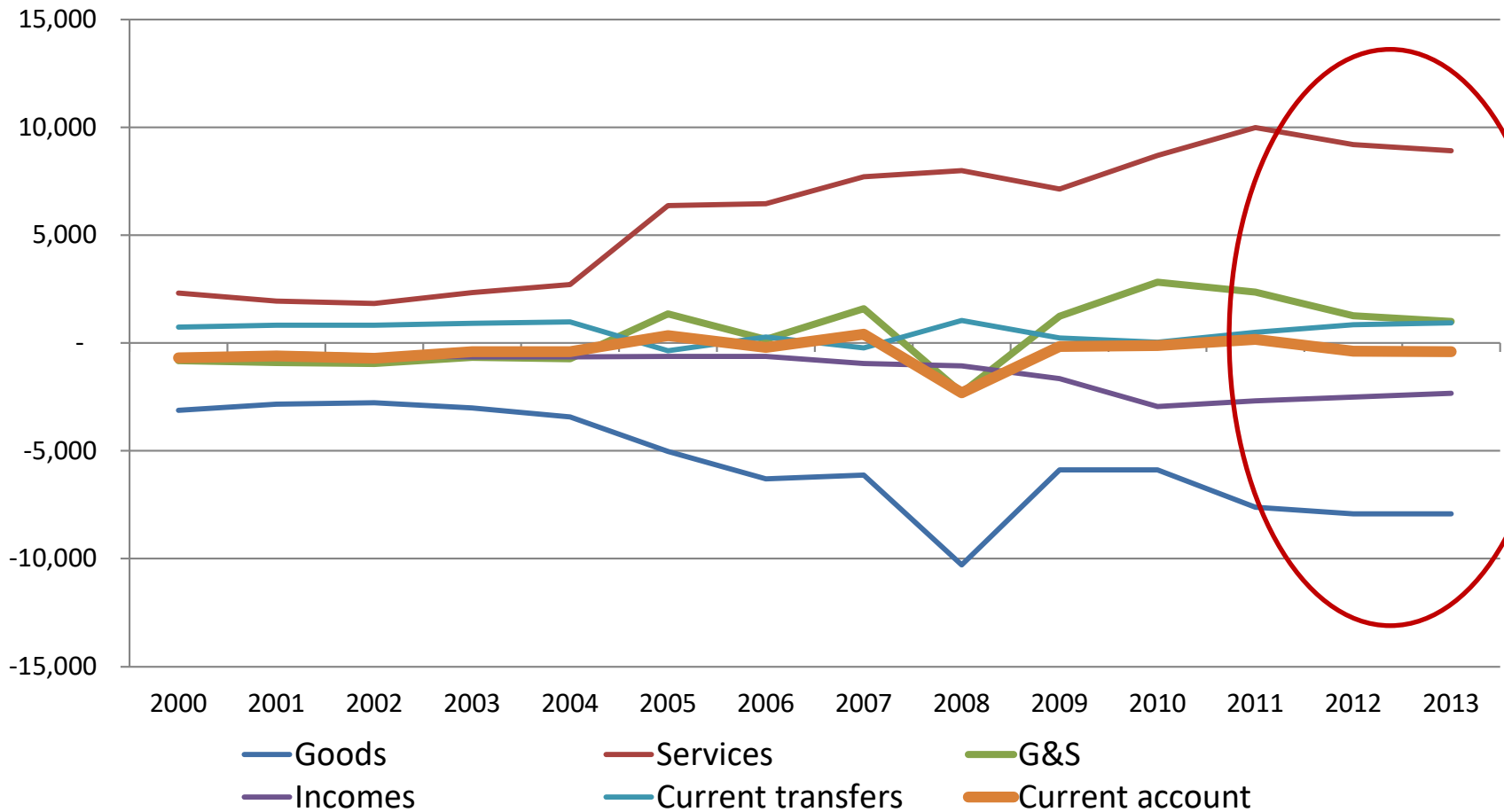
Services trade

(US\$ m)



Service export-driven surge is over – and risk of reversal is focusing minds

Current account balances (US\$ m)



Current-account near balance: matched by capital account balance – or rising reserves?

Some questions

- Shift from unsustainable services export surge to investment-driven adjustment.
Is it enough?
- Disappointing first results in agriculture, output.
Were the inefficiencies exaggerated, or are they harder to overcome than expected?
- Huge distortions still exist.
Is it possible to make the transformation while this is so?
- Trade reorientation needed urgently.
Where from?
- Exchange rate adjustment is key.
Is it on its way?

Macroeconomics of Cuba's economic transformation so far: questions

Thank you

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