



The Political Economy of Change in Cuba

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“Forecasting the Cuban Economy:
Two Years, Five Years, and Twenty Years”

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Forecasting the Cuban economy: two years, five years and 20 years

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Disclaimer

“The only function of economic forecasting is to make astrology look respectable”

J.K. Galbraith

Two years

Starting point

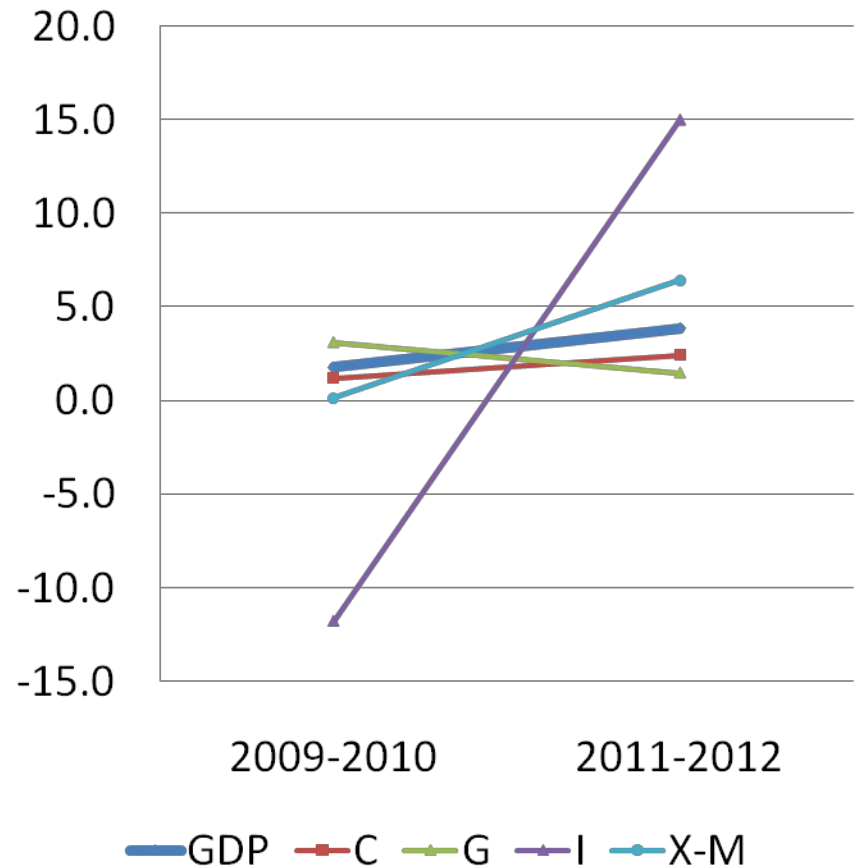
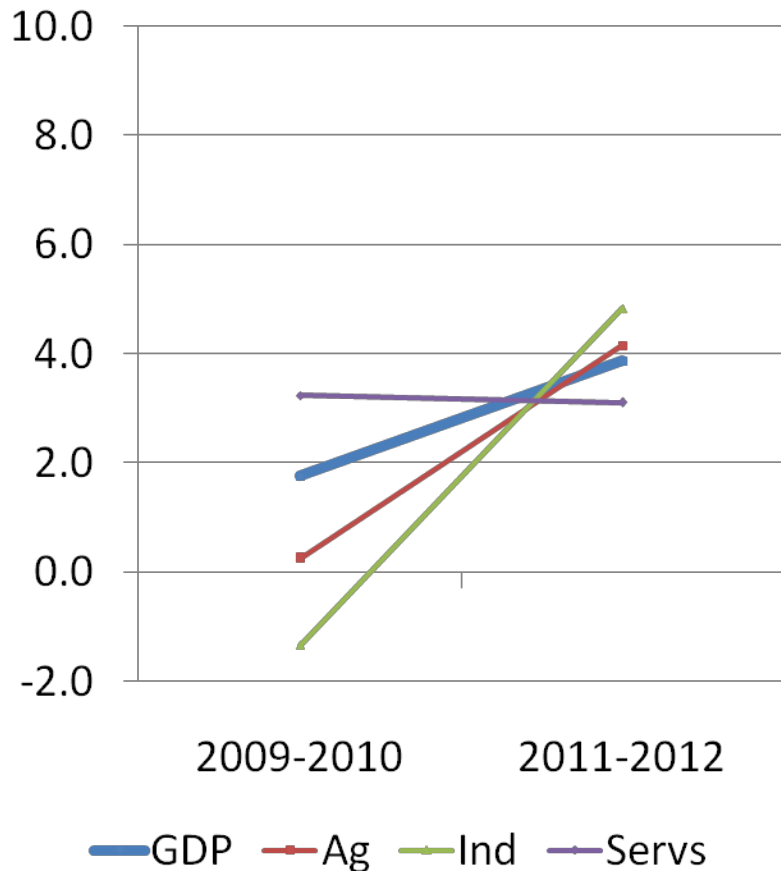
- **System:** state dominated, distorted, stagnated
- **Structure:** service-dominant, undercapitalised, externally vulnerable

Assumptions

- **Endogenous:** regime survival, economic reforms
- **Exogenous:** no major upheavals (Vz, US)

Short term forecast

output and expenditure (av. annual % change)



Five years

Starting point: 2013

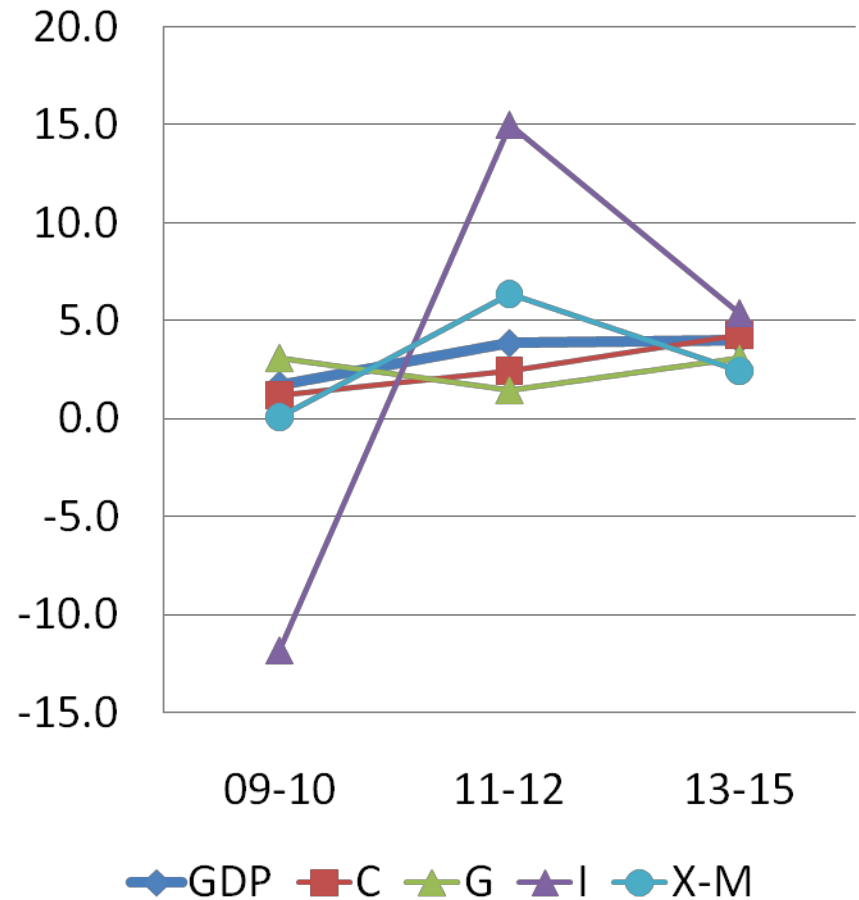
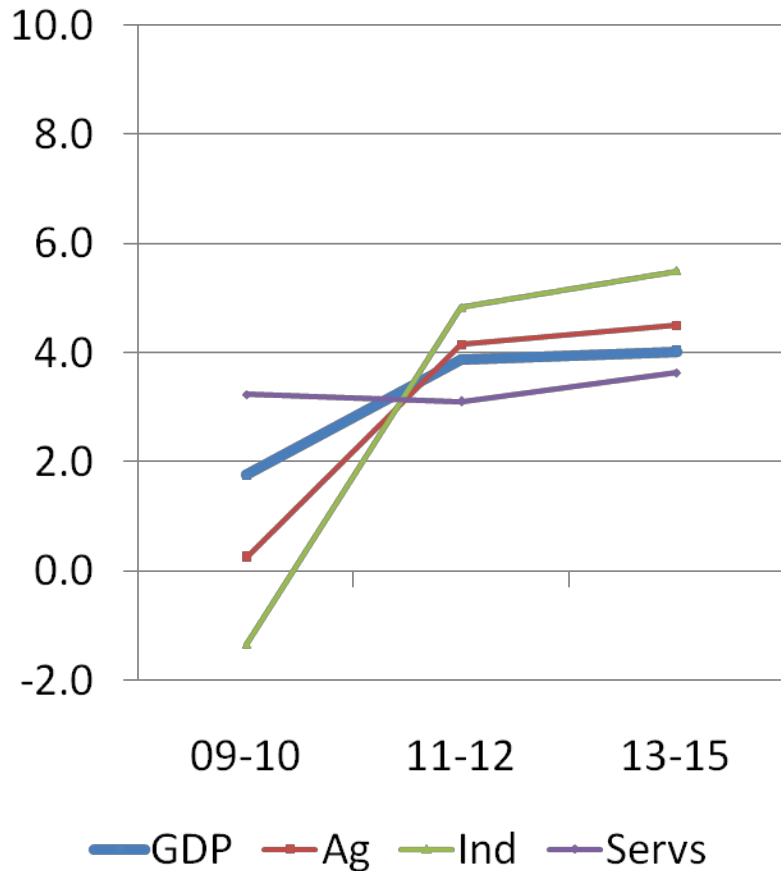
- **System:** more mixed, still distorted, contradictory
- **Structure:** new activity, investment rising, still externally vulnerable

Assumptions

- **Endogenous:** regime survival, economic reform momentum, exchange rate adjustment
- **Exogenous:** Vz weaker, US sanctions remain

Medium term forecast

output and expenditure (av. annual % change)



20 years

Starting point: 2016

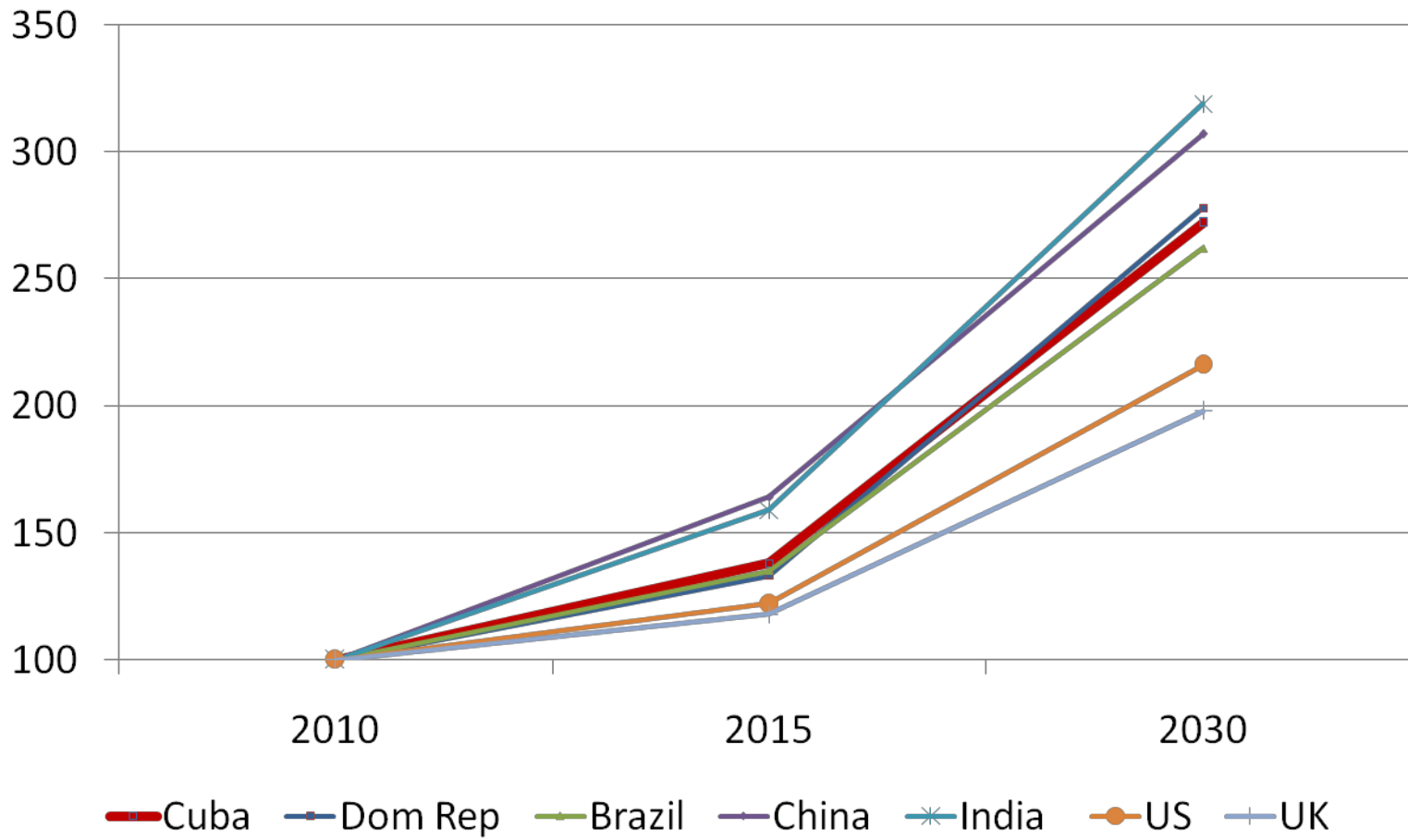
- **System:** mixed, unified peso, social protection
- **Structure:** more diverse, more capacity, less externally vulnerable

Assumptions

- **Endogenous:** reform momentum and reforming PCC
- **Exogenous:** Vz support gone, US slow moves towards engagement, no global collapse

Long term forecast

Real GDP per head, index (2010=100)



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five years and 20 years

One forecast scenario of many

- No major shocks
 - risks need identifying and quantifying
 - Sustainability depends upon
 - capacity to adapt
 - focus on ‘binding constraints’
- *lineamientos: a step on a sustainable path?*

The Cuban economy: two years, five years and 20 years

Open to debate...

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