
Policy options for Cuba: A Modern Monetary Theory Perspective

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Résumé

This article views the particular issues facing Cuba through an ‘MMT lens’, promoting an understanding of the significance of the role of monetary institutions and policy as an ‘activator’, allowing the economy to fully utilise its resources in a fair, efficient and sustainable manner. This approach allows a role for private business, provided its activity serves both the private and public interest (broadly defined). The article argues for a Polanyian approach of ‘embedding markets’ while stressing the importance of understanding the nature of fiscal and monetary ‘policy space’. The article analyses the current issues affecting the Cuban economy and offers some policy suggestions based upon the insights provided by MMT. In general, we support the policy stance of the Cuban government and we believe that our suggestions largely represent continuity with their current approach. We argue that Cuba should adopt a single fiat currency, which should be allowed to float on foreign exchange markets, and that free capital mobility should be rejected. We see a potential benefit from the Cuban Banco Central adopting a policy of setting the short-term risk free rate at zero and using fiscal policy and a job guarantee programme to maintain full employment with price stability.

Mots-Clés: Cuba, Modern Monetary Theory, Dual Currency, Policy Reform

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