



ASSOCIATION FOR THE STUDY OF THE CUBAN  
ECONOMY

PO Box 28267  
Washington, DC  
20038-8267

## From the ASCE president

Dear Members,

I hope everyone is well. Since the holidays the Board has been busy catching up with the oncoming events of 2012, and we are happy to announce several in this newsletter, including the call for papers for our annual conference, our call for nominations for ASCE's biannual elections, ASCE's spring lecture at the New School in NY, our report on ASCE's session at the annual meetings of the American Economic Association, the call for disseminating our student prize, and the mailing of the Conference volume and CDs for *Cuba in Transition: Papers and Proceedings of the XXI Annual Meeting of the Association for the Study of the Cuban Economy*.

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**Call for Papers: XXII Annual Meetings of the Association for the Study of the Cuban Economy**

### *Where is Cuba Going?*

August 2, 3 and 4, 2012  
The Hilton Miami Downtown Hotel  
1601 Biscayne Blvd.  
Miami, FL  
United States (USA)

Please email your abstracts with "ASCE CONFERENCE 2012" in the subject line to [asce@ascecuba.org](mailto:asce@ascecuba.org) by April 15, 2012 for consideration in the conference program.

### **CURRENT OFFICERS:**

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*Rafael Romeu*

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*Jorge A. Sanguinety*

**Secretary:**

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As has been customary in recent years, our 2012 annual conference will take place on the first weekend of August at the Hilton Miami Downtown Hotel. The Board is expecting ASCE to once again come together and deliver one of the premier academic conferences on the Cuban economy and society. Among many distinguished academics, professionals and policymakers expected to attend this year's conference are Professor Jorge Domínguez (Harvard University and ASCE), Professor Richard Feinberg (University of California, San Diego), and Professor Eusebio Mujal-Leon (Georgetown University and ASCE). We are also working towards bringing Cuba-based economists and scholars to the conference (as in prior years, funded by voluntary donations, not ASCE general member revenues). As occurred last year, we are expecting strong outside from our outreach efforts and the prominence of Cuba's ongoing policy changes.

We hope to see all of our membership at our annual conference. If you are interested in participating and presenting your original economic or social research, please send us an email with your proposed abstract ([asce@ascecuba.org](mailto:asce@ascecuba.org)) with the subject "ASCE CONFERENCE 2012" in the subject line. ACTION REQUIRED: Please remember to include "ASCE CONFERENCE 2012" in the subject line when sending your proposed abstract.

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**Call for Nominations: ASCE Biannual Elections**

The nomination committee, led by Dr. Roger Betancourt, will begin accepting nominations for the Board of Directors of ASCE for the governing period 2012-14, after February 21, 2012.

ACTION REQUIRED AFTER FEBRUARY 21, 2012. If you would like to be nominated or nominate another member, please send an email after February 21, 2012 to Roger Betancourt ([Betancou@econ.umd.edu](mailto:Betancou@econ.umd.edu); [asce@ascecuba.org](mailto:asce@ascecuba.org)) indicating your interest, with "ELECTION NOMINATION" in the subject line. Please note that you should only send the email after February 21, 2012. The nomination period will be open for roughly four weeks, and will close on March 13, 2012. Any member in good standing is eligible to be nominated or nominate one's self, but to she or he must be endorsed by five other members. Once Dr. Betancourt has a list of candidates and biographies, he will take the lead on the electoral process apart from the Board.

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**Plan to Attend ASCE's Spring Lecture**

***Cuba: Today and Tomorrow***

**Jorge I. Domínguez, Harvard University**

Antonio Madero Professor for the Study of Mexico & Vice Provost for International Affairs

**Bob Kerrey, President of the New School (ex-officio),**

Former US Senator and Governor for Nebraska.

**Wednesday, April 18, 2012; 6:00-7:30 p.m.**

**The New School**

Arnhold Hall

Theresa Lang Community & Student Center

55 West 13th Street, 2nd Floor

New York, NY 10011



**THE NEW SCHOOL**  
A UNIVERSITY

Registration required: <http://cubatodayandtomorrow.eventbrite.com/>

Stephen Kimmerling has led the organization of our Spring 2012 ASCE lecture, which will be held at The New School in New York City. The Association for the Study of the Cuban Economy is sponsoring a presentation on Cuba by Jorge I. Domínguez, Harvard University's Antonio Madero Professor for the Study of Mexico, vice provost for international affairs, special advisor for international studies to the dean of the faculty of arts and sciences, and chairman of the Harvard Academy for International and Area Studies. Professor Dominguez will discuss recent developments in Cuba and their implications for Cuba's economy, governance and political structure, and international relations. We hope to our NY based members there.

**ACTION REQUIRED:** Admission is free, but seating is limited. Register at:  
<http://cubatodayandtomorrow.eventbrite.com/>.



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*The Cuban Economy*, ASCE at the Annual Meetings of the American Economic Association

Luis Locay led the organization of the Association for the Study of Cuban Economy's annual session on the Cuban economy at the meetings of the American Economic Association. The session took place January 07, 2012 at the Hyatt Regency, in Chicago, IL. Professor Deirdre McCloskey of the University of Illinois-Chicago chaired the session and gave comments on Locay's paper, entitled "Cuban Household Consumption: An Update." I presented joint work with Andrew Wolfe and Gabriel Di Bella (both of the International Monetary Fund) entitled "Recession and Policy Transmission to Latin American Tourism: Does Expanded Travel to Cuba Offset Crisis Spillovers?" Professor Oscar Mitnik of the University of Miami gave comments on our paper. Finally, Dr. Wolfe presented another joint paper with Dr. Di Bella and myself entitled "Cuba's Evolving Output Gap," which received comments from Dr. Locay.

The session was well attended by roughly a dozen academics and students at the annual meetings. The comments and discussions were lively and largely centered on the data difficulties which are common to studies on the Cuban economy. These three papers take alternative routes to solving these issues, including employing international data to benchmark official Cuban data and to correct for potential distortions when assessing the differing aspects of the Cuban economy.



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**Cuba in Transition: Volume XXI**

Finally, we are pleased to announce that the Conference volume and CDs for *Cuba in Transition: Papers and Proceedings of the XXI Annual Meeting of the Association for the Study of the Cuban Economy* are ready. These are now online on our webpage, [www.ascecuba.org](http://www.ascecuba.org) for download, and will be shipped next week to our membership. This year there was a slight delay due to the holidays, and to avoid this going forward, we will be requesting faster finished papers after the annual conference for authors wishing to include their work in the conference volume.

\* \* \*

**Share the Student Prize Announcement with your Colleagues**

As in prior years, Dr. Enrique Pumar is leading ASCE's annual student prize efforts. Those of you whom have participated in past academic panels judging the submissions may be contacted in the coming months. More immediately, our membership should reach out to its students and academic contacts to the encourage participation in the student prize. The committee is accepting nominations for the 2012 Jorge Pérez-López Student Award Competition until May 20, 2012. Anyone can nominate original papers authored by undergraduate and graduate students in good standing. The papers should address topics related to Cuba's domestic issues, its foreign relations, or Cuba in comparative perspectives. Papers cannot be co-authored with an instructor. At a minimum, all papers must outline a thesis statement, present evidence or data supporting it, confine to 5,000 words double-spaced length, and follow one of the standard academic writing and citations styles. Self-nominations are also welcomed. We have added the student prize flier to the end of this newsletter, in both English and Spanish for your convenience.

\* \* \*

Finally, our last communication was through the annual report issued in December (and online at [www.ascecuba.org](http://www.ascecuba.org)) so I take this opportunity to wish you and your families a happy and healthy new year, and I look forward to seeing all of you at our events.

Best Regards,  
Rafael Romeu

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**From the ASCE treasurer**

Dear Friends,

We are ending January with the highest 3-month moving average balance these years, excluding the usual summer blip but including the voluntary contributions to Cuba-based scholars' travel fund. In the upcoming months we expect gross expense of \$7,600 mainly related to the editing, printing and mailing of the volume. We anticipate a revenue floor of \$400, which may increase if more travel fund donations materialize. If you would like to support the travel fund for Cuba based scholars, you may contribute online at [www.ascecuba.org](http://www.ascecuba.org) or send a check to our PO Box.

Volume 21 is ready to print. A favorable quote of \$900 has been received, including color pages for 55 copies. The design/layout service, however, increased to \$4,400 for volume 21 versus \$3,900 for volume 20, and \$4,125 for volume 19, respectively. Volume 21 has 495 pages and 40 images. Volume 20 had about 394 pages.

Rafael Romeu has led our end-year outreach and fundraising campaign, which has included the December mailing of holiday cards to our members, former members, and friends. The campaign has also focused reaching out to foundations that support non-governmental organizations in line with ASCE's strategic long-term goal to diversify revenue sources. As a result, we have applied for funding from several foundations, including Rockefeller, Coca Cola, Koch, Ford, Soros, Knight, Christopher Reynolds, MacArthur, Carnegie, Mott, and Tinker. This is the first of a multi-year effort to gain foundation support for some of the public goods that ASCE has provided over the decades, such as the free publication of research, the student prizes, and our lectures and events.

Sincerely,

Geni Gomez

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### **From the ASCE secretary**

Dear Friends,

I would like to encourage you to run for the upcoming ASCE Board elections. It is crucial that our members' diverse views continue to be represented and communicated. Please keep in mind that neither an Economics degree nor background is required to be a Board member. Also in the spirit of diversity, the 2012 Annual Meeting "Where is Cuba Going?" is an opportunity to share your various analyses of and insights on Cuba's future. Be certain to send your abstracts in on time to ensure that you will have an opportunity to participate this August.

ASCE Board member Stephen Kimmerling has worked hard to organize an ASCE-sponsored event featuring Harvard professor Jorge I. Domínguez at The New School in New York City. Dr. Domínguez will discuss current events in Cuba. Join us and help make this a lively discussion. Reservations can be made online for your convenience.

I hope you enjoyed your holidays and I wish you a happy new year!

Best wishes,

Tania C. Mastrapa

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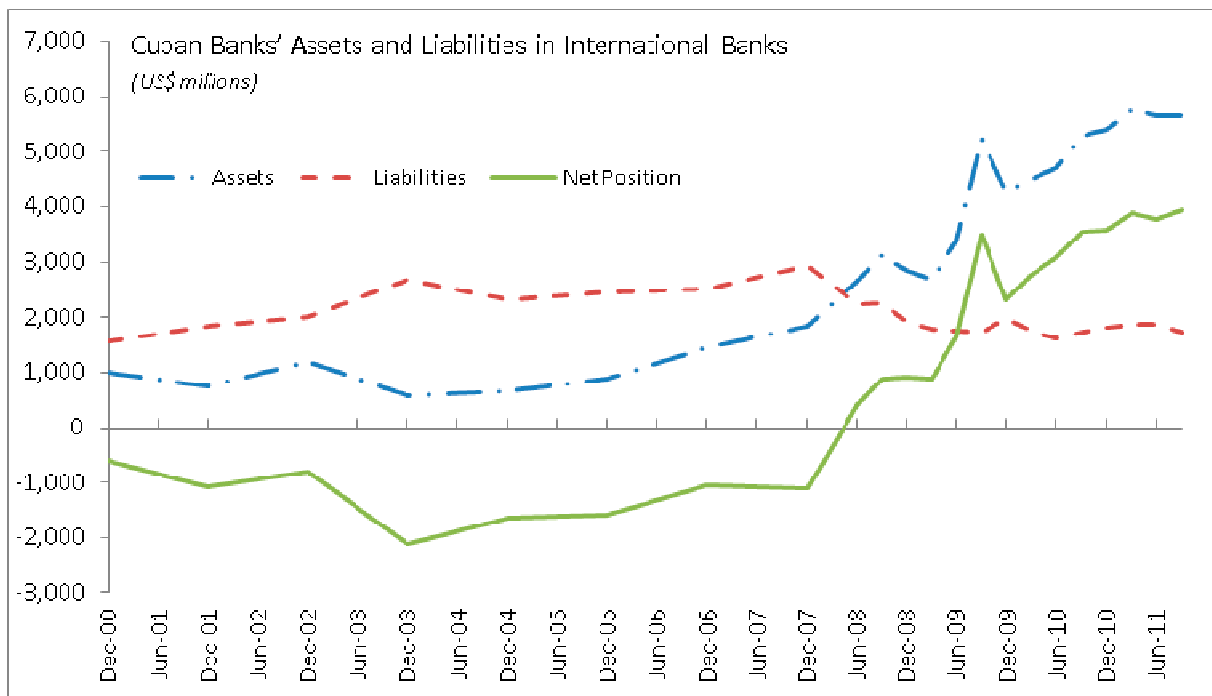
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## How is Cuba Funding its Rising International Bank Assets?

By Luis Luis

Solid data on Cuba's External sector is hard to come by, and the Central Bank has not released balance of payments accounts since 2008. One exception is up-to-date reporting on the assets and liabilities of Cuban banks, including the Central Bank, to international banks of 42 countries and financial centers reporting to the Bank for International Settlements (BIS). Cuban bank liabilities correspond to trade and other loans made to Cuban banks by most of the world's international banks. Cuban bank assets are deposits in the same international banks and constitute the bulk of the hard currency liquidity available to the Cuban government and state entities to meet short term international financial and trade obligations.





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Cuban bank assets reached \$5660 million on September 2011, an increase of \$380 million from September 2010. In three years assets rose \$2.8 billion, a large sum for an economy with weak international credit, undergoing severe difficulties with traditional exports and needing to import much of its foodstuffs in adverse international markets. Much of the increase in Cuban liquid assets abroad is needed to provide cash financing for essential imports, as trade credit and other bank credits to the country have tightened considerably. This can be seen in the red line of the graph which shows a steady decline since 2007 of the liabilities of Cuban banks to foreign banks. With the value of Cuban merchandise imports approaching \$11 billion in 2010, Cuban bank assets are adequate to provide short-term trade finance with over 6-months import coverage, and it remains to be seen whether the government will now shift its policy of asset accumulation and devote resources to other priority areas.

The intriguing question is: How is Cuba funding the sizable rise in its international liquidity? Cuba has been experiencing a substantial trade deficit in recent years, offset by a surplus on services, generated by tourism and revenues from services rendered in Venezuela by Cuban health professionals, teachers and others. At the same time remittances are an important and difficult to quantify element that in the last two years is evolving from purely monetary towards in kind remittances as relatives travel to the Island in larger numbers from the US and other countries.

Cuba: Estimated External Cash Flow  
(US\$ billion)

	2008	2009	2010	2011
Net Merchandise Exports	-10.3	-6.0	-6.0	-7.0
Net Services	8.6	8.5	8.2	8.2
Interest, royalties, net	-1.1	-1.2	-1.1	-1.0
BIS Bank Lending	-1.0	0.2	0.1	-0.1
Other Lending and transfers <sup>1</sup>	4.7	-0.1	-0.5	0.0
Change in non-BIS External Assets	0.1	0.2	0.2	0.2
Change in Bank Assets at BIS	1.0	1.6	0.9	0.3

Sources: Estimated from Oficina Nacional de Estadísticas, Banco Central de Cuba, Bank for International Settlements and International Monetary Fund.

1. Includes cash from freezing of bank accounts in hard currency



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The table above shows a cash flow account for Cuba which illustrates the plausible mechanics behind the recent accumulation of international liquidity. One key element in the process was an apparent huge sum in 2008, the peak year of the crisis when Cuba experienced a \$10 billion trade deficit, of some \$4.7 billion in extraordinary lending and transfers. It is not possible to ascertain the precise composition of this item, but it includes in 2008 perhaps \$800 million from frozen hard currency accounts held in Cuban banks by foreign companies operating in the country. The rest possibly were emergency credits and transfers from friendly governments such as Venezuela, and much less importantly, China. In 2009 and 2010 this item turns negative, the result of unfreezing of many foreign company accounts. After 2008 Cuba also imposed austerity measures plus an improvement in export prices that reduced its trade deficit by some \$4 billion per year, offsetting the need for similar extraordinary financing by friendly nations. Trade data for 2011 is not available but somewhat sturdier GDP growth and a rise of over 20% in foodstuff import prices suggest a worsening of the trade balance. Nonetheless the rise in Cuban international liquidity of some \$300 million signals that the external accounts remain in a manageable though very fragile situation.

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- A) Regular member \$90
- B) Contributing member \$91-\$200
- C) Sponsor \$201-\$350
- D) Benefactor over \$350
- E) Student \$25
- F) Lifetime \$2,500

Questions?  
Contact us:  
asce@ascecuba.org

PUBLICATION

Cuba in Transition, Vol. 22 Printed (Pre-order) † \$25

Donations to the Cuba-based Scholars Travel Fund: \_\_\_\_\_

Total enclosed: \_\_\_\_\_

Please make check to "ASCE" and send registration form to:  
ASCE, PO Box 28267 Washington, DC 20038-8267

Or

Use any major credit card via Paypal by going to our website [www.ascecuba.org](http://www.ascecuba.org)

For INSTITUTIONAL MEMBERSHIPS – PLEASE CONTACT [ASCE@ASCECUBA.ORG](mailto:ASCE@ASCECUBA.ORG).

\* Membership in ASCE is renewed on an annual basis and runs from July 1, 2012 – June 30, 2013.  
† Hardcopies of "Cuba in Transition" volumes are available for \$80 in ASCE's website [www.ascecuba.org](http://www.ascecuba.org).  
Starting with the 21<sup>st</sup> volume, members are entitled to a free CD/DVD version of the Annual Proceedings.



# 2012

## GRADUATE AND UNDERGRADUATE STUDENT PAPER AWARD COMPETITION

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The Association for the Study of the Cuban Economy (ASCE) is a nonpolitical, professional international association dedicated to the study of the Cuban economy in its broader political, social, and cultural context.

### The Jorge Pérez-López Student Award Competition

ASCE Student Award Committee is accepting nominations for the 2012 Jorge Pérez-López Student Award Competition. Anyone can nominate original papers authored by undergraduate and graduate students in good standing. The papers should address topics related to Cuba's domestic issues, its foreign relations, or Cuba in comparative perspectives. Papers cannot be co-authored with an instructor. At a minimum, all papers must outline a thesis statement, present evidence or data supporting it, confine to 5000 words double-spaced length, and follow one of the standard academic writing and citations styles. Self-nominations are also welcomed.

All correspondences must be accompanied by a letter stating the name, school affiliation, mailing address, phone number, and email of the nominee as well as a brief statement describing the merits of the nomination.

### Graduate Awards

- ✚ **First prize** \$ 150, up to \$600 travel, and publication in *Cuba in Transition*.
- ✚ **Second prize** Honorary Mention.

### Undergraduate Awards

- ✚ **First prize** \$100, up to \$400 travel, and publication in *Cuba in Transition*.
- ✚ **Second prize** Honorary Mention.

All students who enter the competition will receive a one year complimentary membership in ASCE, which will entitle them to receive our publications and newsletter. If they wish to attend the annual meeting in Miami, they will also receive a complimentary conference and key speaker luncheon invitation (but no travel allowance, except to the first prize winners).

### Deadline

Papers received or postdated by **May 20, 2012** will be considered. The winner of the competition will be announced in June.

### Basis for Award

A panel of scholars on the basis of relevance, originality, quality, contribution, and clarity of presentation will judge papers. The 5000 words limit for the essay will be **STRICTLY ENFORCED**.

### Submission and Information

Please send an electronic MS Word or PDF attachment of the paper to:

Dr. Enrique S. Pumar,  
Chair Student Award Committee  
Association for the Study of the Cuban Economy  
[pumar@cua.edu](mailto:pumar@cua.edu); [asce@ascecuba.org](mailto:asce@ascecuba.org).



## Concurso Estudiantil Jorge Pérez-López 2012

La Asociación para el Estudio de la Economía Cubana (ASCE) es una organización sin fines de lucro ni afiliación política alguna, radicada en el Estado de Maryland, Estados Unidos. ASCE ha tenido como su objetivo fundamental el promover el estudio de los problemas económicos de Cuba en su más amplio sentido social, político y cultural.

### EL Concurso Anual para el Premio “Jorge Pérez- López”

El Comité de ASCE del Concurso Estudiantil Jorge Pérez-López está aceptando nominaciones para el concurso del año 2012. Cualquier persona puede hacer nominaciones de ensayos originales de estudiantes de pregrado y postgrado. Los ensayos deben abordar temas relacionados con los asuntos internos de Cuba, sus relaciones externas, o Cuba en perspectiva comparada. Los ensayos no pueden tener como coautor a un instructor. Como mínimo, todos los ensayos deben esbozar una tesis, presentar pruebas o datos que la apoyen, limitarse a una extensión de 5.000 palabras a doble espacio, y seguir los estándares de ensayos académicos y los estilos de citas. Se aceptan las autonominaciones. Toda la correspondencia debe ir acompañada de una carta indicando el nombre, la afiliación académica, la dirección postal, el número de teléfono y correo electrónico del candidato, así como una declaración breve que describa los méritos de la candidatura.

### Premio de postgrado

- ✚ **Primer premio:** \$150, hasta \$600 en viajes, y publicación en Cuba in Transition.
- ✚ **Segundo Premio:** Mención Honorífica

### Premios de pregrado

- ✚ **Primer Premio:** \$100, hasta \$400 en viajes, y publicación en Cuba in Transition.
- ✚ **Segundo Premio:** Mención Honorífica

Todos los estudiantes que participen en el concurso recibirán una membresía de cortesía en ASCE por un año, que les da derecho a recibir nuestras publicaciones y boletines informativos. Si desea asistir a la reunión anual en Miami, también recibirán una invitación gratuita a la conferencia y al almuerzo de la conferencia (pero no los gastos de viaje, con excepción de los ganadores del primer premio).

### Fecha límite

Se tendrán en consideración los ensayos presentados antes del 20 de mayo de 2012. Los ganadores del concurso serán anunciados en junio de 2012.

### Bases para la selección de premios

Un grupo de académicos juzgará los ensayos sobre la base de la pertinencia, la originalidad, la calidad, la contribución y la claridad de la presentación. SE OBSERVARÁ ESTRICTAMENTE el límite de 5.000 palabras para el ensayo.

### Presentación e información

Adjunte el ensayo en formato MS Word o PDF y la carta de nominación a:

Dr. Enrique Pumar  
Presidente del Comité del Premio Estudiantil  
Association for the Study of the Cuban  
Economy  
[pumar@cua.edu](mailto:pumar@cua.edu) ; [asce@ascecuba.org](mailto:asce@ascecuba.org).