CUBA

Cuba's economic freedom score is 29.5, making its economy the 175th freest in the 2022 *Index*. Cuba is ranked 31st among 32 countries in the Americas region, and its overall score is below the regional and world averages.

Cuba has enjoyed positive economic growth in only three of the past five years. Over the same five years, economic freedom has trended downward from already extremely low levels. With a score decrease in **fiscal health** and the world's lowest score for **government spending**, Cuba has recorded a 4.4-point overall loss of economic freedom since 2017 and is at the bottom of the "Repressed" category. Monetary freedom and **trade freedom** have some strength, but **judicial effectiveness**, **investment freedom**, and **financial freedom** score near the bottom.

IMPACT OF COVID-19: As of December 1, 2021, 8,305 deaths had been attributed to the pandemic in Cuba, and the government's response to the crisis ranked 129th among the countries included in this *Index* in terms of its stringency.
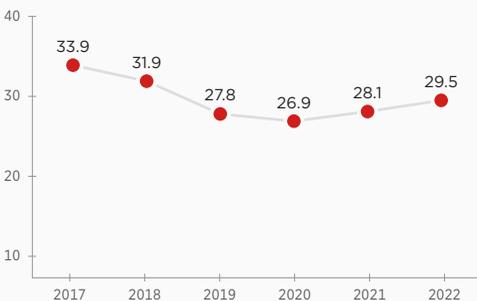
WORLD RANK:
175

REGIONAL RANK:
31

ECONOMIC FREEDOM STATUS:
REPRESSED

ECONOMIC FREEDOM SCORE

29.5

| 0 | 50 | 60 | 70 | 80 | 100 |

REGIONAL AVERAGE
(AMERICAS)A **59.4**

60.0 WORLD AVERAGE

HISTORICAL *INDEX* SCORE CHANGE (SINCE 1995): +1.7

RECENT FREEDOM TREND

Year	Score
2017	33.9
2018	31.9
2019	27.8
2020	26.9
2021	28.1
2022	29.5

QUICK FACTS

POPULATION:
11.3 million

GDP (PPP):
$142.6 billion
–11.0% growth in 2020
5-year compound
annual growth –1.4%
$12,600 per capita

UNEMPLOYMENT:
3.9%

INFLATION (CPI):
n/a

FDI INFLOW: n/a
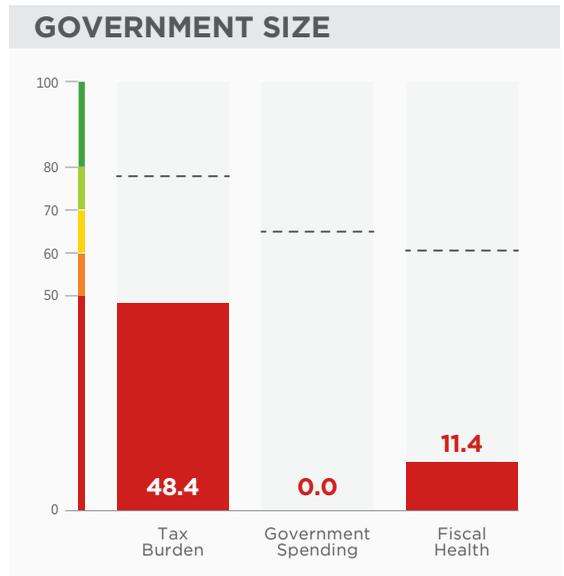
PUBLIC DEBT:
69.4% of GDP

2020 data unless otherwise noted. Data compiled as of September 2021

BACKGROUND: The longest-lasting Communist dictatorship in the Western Hemisphere has ruled Cuba since 1959. After Raúl Castro stepped down as president, Miguel Díaz-Canel was selected as a figurehead ruler in 2018. However, Raúl Castro did not cede control of the Communist Party until 2021, and he remains widely influential. In July 2021, huge and unprecedented protests broke out with protestors demanding freedom and an end to the brutal dictatorship. Diaz-Canel responded with violent crackdowns. The regime profits from Western tourists, a labor trafficking scheme for the forcible export of Cuban health care professionals, and subsidies from other authoritarian or Communist regimes such as China, Russia, and Venezuela. It also seizes the meager salaries of average Cubans to convert into hard currency.
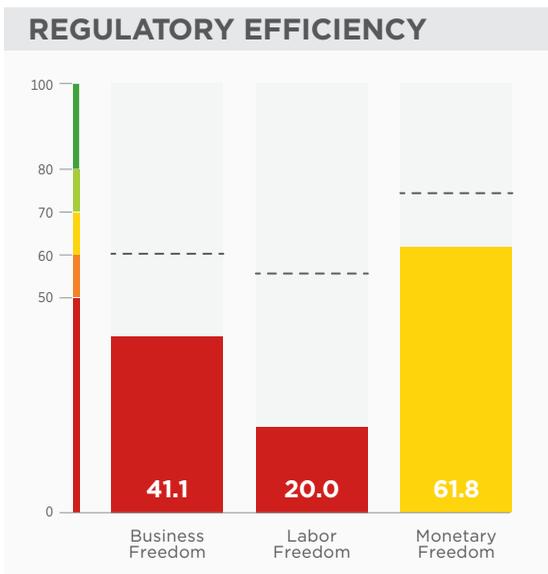
12 ECONOMIC FREEDOMS | CUBA

RULE OF LAW

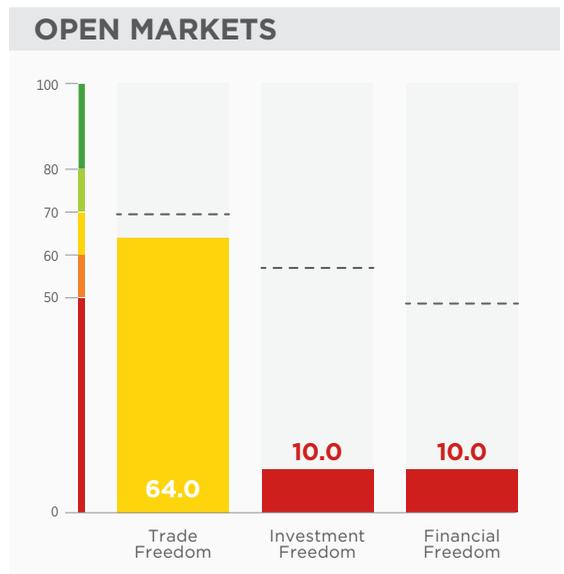| Property Rights	Judicial Effectiveness	Government Integrity
31.5	15.6	39.9

Although a 2019 constitution recognizes private property in theory, the state owns most means of production. There is practically no separation among the judiciary, the National Assembly, and the Communist Party, which can appoint or remove judges at any time. Corruption is a serious problem that remains unaddressed. Widespread illegality permeates both Cuba's limited private enterprises and the vast state-controlled economy.

GOVERNMENT SIZE

Tax Burden	Government Spending	Fiscal Health
48.4	0.0	11.4

The top individual income tax rate is 50 percent, and the top corporate tax rate is 30 percent. The overall tax burden equals 42.0 percent of total domestic income. Government spending has amounted to 65.9 percent of total output (GDP) over the past three years, and budget deficits have averaged 11.1 percent of GDP. Public debt is equivalent to 69.4 percent of GDP.

REGULATORY EFFICIENCY

Business Freedom	Labor Freedom	Monetary Freedom
41.1	20.0	61.8

The state sector employs over 70 percent of workers, and private business activity is severely repressed. Some retail self-employment is permitted, as is some private ownership of real estate and new cars, and there are 500,000 *cuentapropistas* (self-employed workers), but recent unprecedented protests show that the public thirsts for more labor freedom. The contraction of real GDP in 2020 forced the government to reduce many subsidies.

OPEN MARKETS

Trade Freedom	Investment Freedom	Financial Freedom
64.0	10.0	10.0

Cuba has four preferential trade agreements in force. The trade-weighted average tariff rate is 8.0 percent, and 50 nontariff measures are in effect. The government screens and regulates foreign investment. The financial sector is heavily regulated, and financial-market shallowness severely impedes access to credit for entrepreneurial activity. The state maintains capital and exchange controls.