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OPENING MESSAGE

by

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at the

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Celebrated as the W Arthur Lewis Centennial

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INTRODUCTION

Good evening.

It gives me tremendous pleasure to be here, in St. Lucia, celebrating the birth and life of one of the most respected Caribbean scholars – Sir William Arthur Lewis.

January 25 will mark the 100th year of his birth. He was a man destined to accomplish incredible things during his lifetime; make a lasting impression on the Caribbean; and gain the respect of the entire world.

It is fitting that this Conference in his honour is taking place in St. Lucia, the country of his birth and where he spent his most formative years.

To the Prime Minister of St. Lucia, the Honourable Dr. Kenny Anthony, and to the Nobel Laureate Committee of St. Lucia, I am especially appreciative that you have allowed us to join with you in this centenary celebration. Sir Arthur transcends the entire Caribbean, which proudly claims him as its own “son of the soil”.

The University of the West Indies (UWI) and the Caribbean Development Bank (CDB) have also joined hands in organising this celebratory conference.

What an appropriate tribute to a man who holds the distinction of being the first Principal of the University College of the West Indies; the first Vice Chancellor of the UWI; and the first President of CDB. He blazed the trail for the longstanding, deep and strong relationship that our two institutions continue to share.

This year's Conference is taking place under the theme, "*Towards Caribbean Prosperity and Happiness in an Equitable and Sustainable World.*"

This theme aptly encapsulates Sir Arthur's vision of our Caribbean; and his spirit will preside over the rich discourse on Caribbean prosperity, happiness, equity and sustainability over the next few days.

Let me add my welcome to every participant in this year's conference, especially the presenters and plenary speakers who will provide the fodder for the debates.

In 2008, the late Norman Girvan described Sir Arthur as "A Man of His Time and Ahead of his Time."

How appropriate.

Indeed, Sir Arthur was a man whose perspective, research and writings on Caribbean development challenges are just as relevant today as they were more than half a century ago.

During his CDB presidency, Sir Arthur presided over a Region troubled by weak levels of economic growth and rising unemployment. The challenges the region faced then are very much the ones we face today.

This evening, I want to reflect very briefly on some of the key messages emerging from his annual statements to the Board of Governors and the advice that Sir Arthur proffered about responding to these challenges.

First, he identified dynamic productive sectors as being critical for securing sustained economic growth and development in our region. He felt that strengthening the productive sectors was the area in which CDB could be most helpful. He also eschewed excessive reliance on the public sector investment programme and booms in the construction sector to boost economic activity.

Second, he advised that technology, by enhancing productivity and efficiency in the productive sectors, especially agriculture, was needed to drive economic growth. In his view, this was the key to addressing the issue of joblessness, especially amongst our youth. He even predicted that with technology adaptation, full employment could be reached in the Region within ten years.

Third, he advised that business enterprises should lead the technology and innovation revolution and that the State's role should be restricted to that of enabler and regulator of private enterprise. He did not share the common view of the time, that the State was "all powerful" and argued strongly for "special make-work programmes" to be used only as short-term palliatives.

And fourth, Sir Arthur suggested that measures to drive money costs down in line with international prices were a crucial missing element in regional economic policies.

Sir Arthur's vision for a dynamic productive sector leading to sustained growth and to full employment in the Caribbean remains unfulfilled but **not** unattainable.

He would not have foreseen the dynamo effect on global oil production and prices that the first oil crisis was about to have, just around the time he made his exit from CDB in 1973.

Neither would he have anticipated the new challenges that climate change would pose for a Region already burdened by vulnerabilities of small size and openness.

None of these detract from the essence of his messages, which still remain valid today.

Our failure to address productivity and competitiveness issues in a meaningful way, coupled with an over-reliance on countercyclical fiscal policy, have left many regional economies saddled with low growth, chronic unemployment, and unsustainable debt levels. The social fallout from high and rising poverty and crime levels reinforce the continuing need for policy-makers to put the resolution of the unemployment situation on the front burner of the region's development agenda.

At the Bank, we remain steadfast in our efforts to assist our borrowing member countries to overcome these challenges.

For example, and especially since the most recent global recession, CDB has been proactively supporting the implementation of "home-grown" economic adjustment programmes. Through our policy-based operations, we have been working with several governments to implement measures that would restore fiscal sustainability; improve the debt dynamics; foster private investment; and ultimately promote inclusive and sustainable development.

For us, the regional private sector and small businesses, in particular, are the dynamic force for creating sustainable economic growth and the major conduit for achieving the desired increase in employment and incomes. The economic literature strongly supports the view that there is a positive relationship between entrepreneurship and economic growth¹.

We support small business development mainly by intermediating funds through national development financial institutions and building private sector technical capabilities and experience through the Caribbean Technological Consultancy Services (CTCS). Since inception, CTCS has provided short-term technical assistance to over 2,000 micro and small entrepreneurs as well as implemented hundreds of training workshops.

We also recognise that building a resilient Caribbean economy rests on our productive sectors being able to compete in an increasingly globalised world and that achieving energy security is an important part of that equation.

Notwithstanding the recent decline in oil prices, generally high and volatile prices present a drag on the region's productivity and competitiveness, and by extension, its development. Therefore, achieving energy security by exploiting our Region's abundant renewable energy resources should rank high on the Caribbean's development agenda. CDB is committed to bring about this shift towards sustainable energy usage by working very closely with local authorities, and bilateral

¹ *P.D. Koellinger's 2008 study of 6,500 entrepreneurs in 30 countries appears to confirm the correlation. The indications are that this correlation is stronger in more advanced than in less advanced economies. His findings also suggest that the nature of the entrepreneurship in the advanced economies tends to be more focused on innovation whilst in the less developed countries, entrepreneurship is more imitative in nature.*

regional and multilateral partners to promote appropriate regulatory reforms and increased energy investments.

CDB remains bound by its mission to help these countries bring an end to extreme poverty, and by its charter to pay special attention to the needs of the less developed countries. This is the legacy that Sir Arthur left the institution he moulded in its formative years.

The 35-year Basic Needs Trust Fund Programme (BNTF), which provides infrastructure and livelihood enhancement services in targeted communities in 10 beneficiary countries, is our flagship programme for poverty reduction through community ownership and inclusive development. Now in our seventh BNTF cycle, we have implemented over 2,000 sub-projects and benefited more than 2.8 million people in poor communities.

We have also continued to safeguard the paramountcy of our poverty reduction mandate and the protection of vulnerable groups through such initiatives as the Community Disaster Risk Reduction Trust Fund (CDRRF), which targets communities affected by disaster risk or climate change.

One final message from Sir Arthur; and this is with respect to regional integration. An ardent proponent of integration, he believed that this was the **only** real development path and meaningful development solution for the region.

Indeed, we at CDB hold firm to the regional integration imperative, which is manifested through several CDB-supported regional initiatives, some which I have mentioned earlier.

In closing, let me leave you with these words from Gustav Ranis, himself a leading development economist. About Sir Arthur's impact on development theory, he said:

“.....The basic labor surplus model was, of course, very simple, elegant and to the point, a true reflection of the man. Arthur Lewis never favored formal theorizing or complicated diagrams; he did not feel the need to present well-specified mathematical models. Where he excelled was in the strength of his intuition and his sense of history.

He knew how to get to the heart of the matter and, in the process, succeeded in making economic development respectable in a number of ways.....”

As we engage in our various deliberations, let us seek to advance the development debate and influence the Region's agenda for growth, prosperity, equity and happiness; and do so in the spirit of that legacy.

Thank you.