CARIBBEAN DEVELOPMENT BANK

SPEECHES PRESENTED BY THE PRESIDENT
DR. COMPTON BOURNE, O.E.

DURING THE PERIOD

APRIL 2003 TO FEBRUARY 2004

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BY
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CDB is pleased to present this selection of Addresses delivered on various occasions between April 2003 and February 2004 by the President, Dr. Compton Bourne, O.E.

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ABBREVIATIONS

ACP	**African, Caribbean and Pacific**
bn	**billion**
BMCs	**Borrowing Member Countries**
CARICOM	**Caribbean Community**
CARIFTA	**Caribbean Free Trade Area**
CCJ	**Caribbean Court of Justice**
CEO	**Chief Executive Officer**
CDB	**Caribbean Development Bank**
CGCED	**Caribbean Group for Cooperation on Economic Development**
COSTAATT	**College of Science, Technology and Applied Arts of Trinidad and Tobago**
CSME	**Caribbean Single Market and Economy**
EU	**European Union**
FTAA	**Free Trade Area of the Americas**
GDP	**Gross Domestic Product**
GNP	**Gross National Product**
HDR	**Human Development Report**
LDCs	**Less Developed Countries**
MDGs	**Millennium Development Goals**
mn	**million**
OECD	**Organisation for Economic Cooperation and Development**
OECS	**Organisation of Eastern Caribbean States**
REPA	**Regional Economic Partnership Agreement**
UK	**United Kingdom**
UN	**United Nations**
UNECLAC	**United Nations Economic Commission for Latin America and the Caribbean**
USA	**United States of America**
VAT	**Value Added Tax**
WTO	**World Trade Organisation**

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IN THE LECTURE SERIES OF THE DEPARTMENT OF ECONOMICS
UNIVERSITY OF THE WEST INDIES, JAMAICA

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CARIBBEAN DEVELOPMENT BANK

A PERSPECTIVE ON CARIBBEAN DEVELOPMENT IN TROUBLED TIMES

APRIL 8, 2003

A PERSPECTIVE ON CARIBBEAN DEVELOPMENT IN TROUBLED TIMES

I. INTRODUCTION

In this Lecture, I deal with the current development problems of Caribbean Community (CARICOM) countries and attempt to point to the possibilities for achieving economic growth. While necessarily adopting a broad-brush approach, I set out the development record measured by several macro-economic performance indicators, and then proceed to describe the current international economic context in which Caribbean Community countries must chart new courses. Next, there is a discussion of regional market prospects. The penultimate section deals with the way forward.

II. THE RECORD OF ECONOMIC GROWTH, POVERTY AND UNEMPLOYMENT

Caribbean countries, with few exceptions, achieved economic growth in the 1980s. Six of twelve countries had average annual growth rates of per capita gross domestic product(GDP) between 4% and 6%, and one grew at 3% per annum. Growth for another two countries was more modest at 2% per annum. The exceptions are Jamaica which virtually stagnated at 0.2% per annum, Trinidad and Tobago which declined at 0.7% yearly and Guyana which contracted at 3.3% yearly.

Economic growth slowed appreciably during the next decade. Only two countries had average annual growth rates of approximately 4% (Guyana at 3.8% and St. Kitts and Nevis at 4.3%), and one (Grenada) grew at 3%. Six countries experienced growth at only 2% per annum and one (Barbados) at 0.5%. One country stagnated (The Bahamas at 0%) and one other contracted marginally (Jamaica at -0.1%).

The 20-year period of mainly positive economic growth lifted national economic well-being measured by per capita GDP. In 7 of the 12 cases, period average real GDP per capita for the 1990s exceeded period average real GDP per capita for the 1980s by 36%-79%. In two other cases, the increase was in the vicinity of 10-12%. The greater percentage increases are experienced by the Organisation of Eastern Caribbean States (OECS) member countries whose per capita income levels in the 1990s placed them among the more developed CARICOM countries.

Caribbean Community countries could also take some satisfaction from the downward trend in national unemployment rates which was evident in many countries from the start of the 1990s, but even earlier in some cases. For example, official statistics show the Barbados unemployment rate decreasing from 24% in 1993 to 9% in 2000; in Grenada, it decreased from 27% in 1994 to 11% in 2000; in the Bahamas from 15% in 1992 to 8% in 1998; and in St. Vincent and the Grenadines from 20% in 1993 to 13% in 2000.

The economic growth was powered by quite substantial rates of domestic investment. Gross domestic investment as a per cent of GDP averaged between 20% and 33% for the 1981-1990 period in all CARICOM countries except Barbados where it was 19%. Investment ratios remained high during the next decade. (It is worth noting that OECD countries have gross domestic investment rates averaging 20% in 1999.)

The macro-economic situation is on the verge of changing adversely. In 2001, of the 12 countries experienced economic decline and almost all of the others grew at a slower pace than in the previous decade. Performance in 2002 was only marginally better. The deceleration was slowed in most cases but in only one case was there a continuation of the growth trajectory established in the 1990s.

The Caribbean can ill afford a slide into economic recession. The challenge is to sustain positive economic growth in quite adverse international economic circumstances. There is a socioeconomic immediacy to the search for new development impetus. Poverty assessments commissioned by the Caribbean Development Bank (CDB) in CARICOM member countries in various years between 1995 and 2002 reveal that quite substantial proportions of the population - anywhere between 18% and 39% - live below the poverty line. Barbados is 14%. The level of indigence is also quite high. It is tempting to attribute this persistence of poverty to inequalities of income distribution. The Gini Ratio measure of income inequality cluster between .35 and .51 for the 13 countries for which they have been computed and actually get up to .56 in St. Vincent and the Grenadines. However, it is doubtful that this explanation is sufficient since many high income Organisation for Economic Cooperation and Development (OECD) countries, including Canada, the United Kingdom (UK), the United States of America (USA) and the Netherlands, have income Gini between .30 and .40 but less significant incidence of poverty.

Labour force statistics reveal that while unemployment rates trencled down, youth unemployment rose in absolute numbers. Unemployment among youth can result in social alienation and may have contributed to the surge in criminal activity. Certainly one of the most troubling social ills of most Caribbean countries is the scourge of narcotics abuse and trafficking on a scale that mocks the impotence of the region's law enforcement agencies.

III. THE INTERNATIONAL CONTEXT

In fashioning a response to its current development challenges, the Caribbean must heed several new elements in the international economic environment. **One**, there must be recognition that the assets of some industries have been "degraded" by weak or stationary product demand so that dis-investment is a warranted response. **Two**, loss of trade preferences is another factor to be taken into account. The World Trade Organisation (WTO) rulings in 1997 on the European Union (EU) banana trade and the request by Brazil and Australia for panel rulings on EU sugar trade signal the end of trade preferences for two of the major agricultural commodities in CARICOM countries. Caribbean rum sold under preferential market arrangements to the EU, USA and Canada may yet come under challenge (as has sugar) despite the Special Declaration of Rum under the African Caribbean and Pacific (ACP)-EU Cotonou Partnership Agreement guaranteeing duty-free access without quantitative limitations. Rice, of considerable significance for Guyana's rural economy, will be affected by new taxes within the EU in addition to quantitative restrictions and also by EU's extension of duty-free and quota-free access by LDCs under the Everything But Arms Decision. **Three**, the imbedding of reciprocity clauses in regional trade agreements under negotiation with North America and Europe would usher in an era in which trade concessions are reciprocal rather than uni-directional. **Four**, market integration as a result of the formation of regional trade areas and global liberalisation of foreign trade will render less meaningful the concept of Caribbean economic space as an area of nationally bounded transactions both in terms of restrictions on foreign competition as well as in terms of governments' ability to limit cross-border economic transactions of nationals and residents. **Five**, there is an asymmetrical rules-based system for governing world trade and capital movement in which developed countries import protectionism and non-judicial abrogations of the financial capital rights of foreign asset holders coexist with forced liberalisation of domestic markets for goods, services and financial capital in developing countries. **Six**, CARICOM countries must recognise the structural shifts in foreign aid away from middle-income developing countries in which category they fall as donor countries increase their focus on cases of extreme poverty and heavily indebted countries. **Seven**, there may be need to factor in the possible collapse of global political governance as a consequence of the 2003 war in Iraq with attendant problems for growth and stability of world economy and society.

IV. INTERNATIONAL GROWTH POSSIBILITIES

Although the international economic environment poses formidable difficulties to Caribbean producers, there is no need for pessimism about their economic future. Growth opportunities exist in services, notably tourism and entertainment. They exist in the energy industry, especially natural gas. Even in agriculture, there are opportunities within the reach of CARICOM producers.

In relation to tourism, medium and long term forecasts are good, despite short-term slumps caused by current jitters about international terrorism. International travellers coped with terrorism in Europe and Japan in the 1960s and 1970s; they are unlikely to have lost the capacity to do so with the new wave of terrorism started by the attacks on the US in September 2001. The World Travel and Tourism Council forecasts that global demand will expand at 6% per annum between 2002 and 2012, generating 6.8 million (mn) additional jobs in the process. Growth for demand for the Caribbean segment of the industry is forecast to be 7.01% per annum, resulting in 139,500 additional jobs.

In respect of energy, abundant natural gas resources in Trinidad and Tobago are being used as the basis for much of that country's economic growth and development. Foreign investment in exploration and commercial exploitation activities has strengthened government finances thereby providing a pool of investible funds and foreign exchange resources to finance imported of capital goods and services. Trinidad and Tobago's natural gas distributed commercially to other CARICOM countries could significantly lower their own energy costs and reduce their dependence on non-regionally controlled petroleum suppliers. It could also improve the ability of CARICOM countries to meet global environmental standards that will become central to trade competitiveness and foreign market access.

In respect of agriculture, productivity improvements and niche market approaches could provide a real chance at reasonably remunerative intern atonal business. For bananas, some contraction of output through exit of marginal producers is unavoidable as the industry rationalises its size and seeks to become price competitive. Improvements in farm level productivity and product quality could assist in maintaining niches in European markets. In the case of rice, recent experiences in establishing specialist markets in Brazil which is itself one of the World's largest producers indicate that niches can be established in new geographical markets as well.

Entertainment and cultural services industries, almost devoid of government support in CARICOM, have nonetheless demonstrated their potential as dynamically growing exports. In many instances, imitation and production of differentiated products in industrial cities with strong financial, technological, marketing and legal infrastructure has meant that the major benefits of product innovation and development by Caribbean producers have been short-lived.

V. CARIBBEAN MARKET PROSPECTS

The Caribbean market has a substantial role in providing growth stimulus to Caribbean economies. Some enterprises have engaged successfully in regional production and trade to augment their annual incomes and achieve asset growth. The CARICOM Secretariat's Caribbean Trade and Investment Report 2000 provides an extremely informative account of what it describes as "the growing phenomenon of intra-Caribbean investment". It identified 39 companies; 16 had their head offices in Trinidad and Tobago, 10 in Barbados, 6 in Jamaica, 4 in Guyana and one each in Antigua and Barbuda, St. Lucia and St. Vincent and the Grenadines. Thirteen of the companies could be uniquely classified as manufacturers, eight as engaging exclusively in the provision of financial services, and two each in tourism and in publishing. Seven enterprises were more in the nature of multi-product businesses or in a few cases, could be described as conglomerates.

Cross-border direct investments within CARICOM can infuse much needed capital and revitalize lagging industries. They can finance new ventures. They can be channels for transfer of managerial knowledge and technology. In all these aspects, "foreign" direct investment of Caribbean origin offers no fewer possibilities for economic growth and development than foreign direct investment of non-Caribbean origin. Yet the attitude in some CARICOM societies is less welcoming of the former than of the latter. Judging from the obstacles presented by exchange controls, work permit regulations and public sector bureaus responsible for granting approval, and judging as well from the clamour of protective nationalism whenever transfer of ownership to enterprises based in another CARICOM country is attempted, it would seem that ownership of production assets by fellow Caribbean nationals is less desirable than ownership by non-Caribbean nationals.

There are provisions in the Revised Treaty of Chaguaramas which created the CARICOM Single Market and Economy (CSME) that are intended to facilitate cross-border direct investment. Implementation is the problem. Specifically, Protocol II which deals with the rights of establishment, the right to provide services and the right to move capital needs to be implemented if barriers to movement of labour and capital are not to frustrate cross-border in vestments.

The CARICOM market is of sufficient size to take up come of the slack which might be created by contractions in exports induced by the loss of European preferences. In 1998, the region imported 177,000 tonnes of sugar to partly satisfy overall consumption of 280,000 tonnes. A regional sugar policy that reserves the CARICOM sugar market for CARICOM producers would approximate 35% of regional output. Furthermore, as Northover and Thomas pointed out in 1999: "The regional market for sugar is significant, not only because of the volumes involved, but the fact that the prices paid for this sugar tend to be well above the world market price". It is necessary, however, to still rationalize and down-size the industry in some countries where costs of production are clearly uneconomic. The obvious cases of very uncompetitive costs are Trinidad and Tobago where production costs exceed internationally competitive prices by a factor of 3.5 and Barbados, Jamaica and St. Kitts and Nevis where the factor is approximately 2.4. A further possible adjustment is switching the product line from sugar to rum and other sugarcane derivatives. Rum production is a particularly promising line because of the substantial capital development programme financed partly by a 70 mn Euro Grant from the European Union for the purpose of marque development, export marketing, environmental standards and production capacity improvement. Premium branded rums can become a very important niche in the global market for distilled spirits. In the case of rice, approximately 50% of regional demand is supplied by extra regional imports. Therefore, there is scope for regional import substitution. A combination of product quality improvements and a regional production and market policy could result in the substitution of CARICOM rice for imported rice with consequential regionalization of employment and income benefits from current levels of consumption.

Similar arguments can be made for the citrus industry in a situation where regional demand is supplied mainly by US producers of citrus and citrus-imitations while the Dominican industry has almost died and the Belizean industry struggles for a foothold in CARICOM markets.

VI. WAYS FORWARD

The economic development strategy which emerges from contemporary assessments of the current state of Caribbean economies and the global con text is sometimes described as one of "restructuring", modernising and repositioning Caribbean economies."

This strategy sees opportunities in the hemispheric economic arrangements to be made through the Free Trade Area of the Americas (FTAA) and those in a future Regional Economic Partnership Agreement with the European Union. Caribbean enterprises are full of voice against trade reciprocity for fear of import competition. However, trade liberalization, if it is generally two-way, may yield substantial benefits resulting from the simple fact that the hemispheric market and the European market are much larger than the Caribbean market. What is critical is meaningful access to those two markets. Some of the CARICOM sub-region's leading businessmen have spoken of the immense difficulties experienced in getting their products on metropolitan shelves. These difficulties include non-tariff barriers such as highly variegated country unique labelling and packaging requirements, sanitary and phyto-sanitary standards, and environmental standards sometimes of the "<u>You</u> save the Planet because <u>we</u> have not done so" variety. The inclusion of provisions guaranteeing small and vulnerable economies "special and differential" treatment in the trade agreements is also critical, given the CARICOM countries inherent disadvantages of small economic size and extreme vulnerability to external economic shocks and natural hazards. The Barbados Prime Minister, Owen Arthur, is fond of quoting the famous Greek philosopher to the effect "between equals equality; between unequal proportionality". Welfare economics has given us the Nicholas Kaldaron proposition that inequality is not lessened by treating unequal equally. The strong inference to be drawn from Aristotelian maxim and its modern welfare economics counterpart is that levelling the playing field would in fact be giving unfair advantage to the large, well-endowed, less vulnerable industrially developed economies.

CARICOM countries must none-the-less improve their capacity to compete internationally if they hope to establish and maintain market niches. There are at least crucial dimensions to international competitiveness; price, product quality and supply reliability. **One** fundamental determinant of price is unit costs of production. Many industries are not price competitive or are losing price competitiveness for several reasons. One is failure to upgrade production technology. A **second** reason is inflated labour costs because of labour practices that reduce the length of the effective working day and force enterprises to employ more persons than would be warranted by best practices. Managerial in comes indexed to global consumption standards rather than to enterprise performance and financial capacity also inflate labour costs. **Third**, economy of scale and scope are denied by the small sizes of enterprises. All three sets of constraints are amenable to manipulation at the enterprise level or by national economic policy.

The CARICOM Single Market and Economy (CSME) is of particular significance for price competitiveness. Regional liberalisation of restrictions on intra-regional movements of labour and financial capital would facilitate enlargement and restructuring of enterprises with possibilities of technology improvement, productivity enhancement, and achievement of size and scope economies.

One cannot over emphasize the importance of product quality. Product quality limitations negatively affect regional trade in rice and manufactured goods. Quality deficiencies in services are the source of high production costs, have retarded the development of the entertainment services industry and eroded the competitiveness of the tourism industry. The first requirement for positive change is acceptance that there is a quality problem.

None seem so blinkered as those in the tourism industry who continue to demand five-star prices for one-star products. A good starting point for critical self-assessment in tourism is to carefully consider the applicability of the following deficiencies identified in one of the Caribbean's less competitive destinations:

(i) Few attractions
(ii) Few other tourist products
(iii) High costs
(iv) Poor customer service
(v) Inadequate infrastructure
(vi) Limited competition among airlines
(vii) Insufficient airlift
(viii) Inadequate ground transportation services
(ix) Cleanliness issues
(x) Few cruise ship benefits.

For those who think that more aggressive marketing of an inferior product will suffice, I say: You can fool some of the people some of the time, but not all the people all the time. Word gets around.

A similar problem exists in the entertainment industry. There seems to be a Caribbean view that flexible time applies to the start of performances and that reserved seating means seats reserved for friends by those who get there first. As noted in a 1990s study I did with Maureen Allgrove, there are also contributory problems of weak organisation and management and inadequate capital maintenance.

Product innovation and product differentiation are also essential for competitiveness. Most industries are so highly product differentiated that market share cannot be maintained unless there is a continuous process of product innovation, minimal though it often seems to be. The tourism industry provides a good illustration. The industry in CARICOM destinations has been based on the three or four Ss. It is evident from statistics available for 2000 that market shares have changed against these destinations. In that year, the combined market share of the Bahamas, Barbados and Jamaica was 17.5% compared with 16.7% for Puerto Rico, 15% for the Dominican Republic and 9% for Cuba, the latter two countries being late entrants to the industry. Between 1996 and 2000, visitor arrivals expanded by 11% yearly in the Dominican Republic and by 15% yearly in Cuba compared to 1.8% for CARICOM countries as a whole. The Ss are competitively less decisive as more Caribbean destinations open up. All the destinations offer the 3 Ss differently packaged, wrapped and presented, but still "SUN, SAND AND SEA". I have been reliably informed that all the destinations also offer the fourth S, again differently structured, wrapped and presented. To compete effectively in a market for essentially homogeneous products, CARICOM tourism enterprises must engage in product differentiation. To do so, they must innovate. The uniqueness of culture, history and the ecology of interior regions of countries can provide a basis for product innovation.

Implementation of a "restructuring, modernizing and repositioning" strategy entails sustained large capital investments in plant, equipment, systems, institutions and people. On e strategic corollary is that CARICOM countries must sustain the high rates of domestic investment to which earlier reference was made.

Foreign capital is a valuable complement to the domestic savings effort of CARICOM countries. Between 1990 and 2000, net foreign direct investment inflows summed to $9.3 billion (bn) according to UNECLAC data. Annually they amounted to between 24% and 25% of gross domestic investment after 1996. The flows are highly concentrated geographically. Trinidad and Tobago received 43%, Jamaica 21% and The Bahamas 10%. This might imply that economic contribution is less in the other countries. However, such an inference may not be warranted because foreign direct investment comprised quite high proportions of gross domestic investment in some of the low dollar recipients such as St. Vincent and the Grenadines (54%), St. Kitts and Nevis (26%), St. Lucia (37%), Grenada (26%) and Guyana (23%). In contrast, the foreign direct investment proportion of gross domestic investment averaged 15% in Jamaica, 13% in the Bahamas and 37% in Trinidad and Tobago. There is typically sectoral or industry concentration of foreign direct investment flows: tourism, mining, energy, and telecommunications being the main destinations. The range of country sources of foreign direct in vectors has expanded which may lessen the vulnerability of the region to actions taken by any single single investing country. New entrants include Belgium, France, Germany, Italy, the Netherlands, Spain, China, South Korea, Taiwan and Malaysia.

Official development assistance has played a significant role in Caribbean Development in the past. However, the trend has been downwards. Net bilateral flows have been negative for most of the last decade, even when one includes countries like the Dominican Republic and Haiti. The Monterrey Consensus of 2002 promises a significant turn around in bilateral flows to developing countries. The target set in Monterrey is an in crease in aid of $12 bn a year by 20006. There are credible signs that some countries, notably Canada and the United Kingdom are urgently seeking to give effect to the Consensus. The UK in January 2003 proposed a new International Financing Facility intended to "bring forward the additional $50 bn per year needed" to meet the Millennium Development Goals by 2015. However, CARICOM countries may be understood for suspend ding belief about the US commitment. Loans and Grants from USAID to CARICOM countries dwindled from US$92 mn in 1990 to $30 mn in 2000, according to the data in the United States Agency for International Development (USAID) Greenbook. There has to be a suspension of belief because of this recent history of neglect of the CARICOM subregion, despite Presidential visits and promises. President Clinton visited and promised much but in the end delivered virtually nothing. Scepticism would also be warranted because delivery of weapons of war seems to get much higher priority than delivery of economic assistance to economically vulnerable neighbouring countries.

In addition to sustaining high rates of domestic investment, CARICOM countries need to improve the efficiency of investment substantially and to minimise the loss of invested capital through occurrence of natural hazards annually.

In Caribbean Development to the Year 2000, I showed that incremental capital-output ratios for CARICOM countries were more aligned with those for low growth economies than with those for high growth economies and suggested that qualitative improvements in investments can be effected through better management of investment projects, better choice of projects and by improvements in maintenance of existing plant and equipment. I also noted that donor conditionality in externally funded projects raises investment costs and sometimes impairs project design. These observations remain valid.

The quality of public governance needs to be added to the list of inhibiting factors. Time inefficiencies, corruption of public officials and unreasonable exercise of regulatory powers can add to transactions costs and investment costs, sometimes frustrating business initiatives and personal effort.

Poor quality of public sector decision-making caused on many occasions by denial of stakeholder input is another problem. The CARICOM sub-region of the world is not unique in these respects but something needs to be done to improve its public governance systems.

CARICOM countries must also put people at the centre of the development process. This should not be limited to recognising human resource development as an instrumentality of general economic development. It should extend to the identification of enhancement of economic and social welfare and quality of life as the essential unifying goal of all development strategies. Also to be recognised is the fact that social development, a link affirmed by the "Burn, Baby, Burn" Black Power riots in the US in the 1960s, the failure of the Latin American Southern Cone experiment with despotic rule, the armed phase of the anti-apartheid struggle in South Africa, and the war for statehood in Palestine. The examples point to different causes but each makes the point that social instability is inimical to long-run planning, commitment to the future, investment and economic growth.

The fiscal capacity of most CARICOM Governments for addressing social development is limited. Supply-side tax policies adopted during the 1980s and the erosion of the trade tax base by global trade liberalisation and regional integration have increased fiscal vulnerability and reduced public expenditure capacity. CARICOM governments thus have the dual challenge of creating a new fiscal architecture which expands the tax base without returning to the seriously disincentive tax regimes of the past and seeking, through public expenditure policies, to play a major role in restructuring, modernising and repositioning their economies.

FINAL REMARKS

I have painted the canvas of development issues broadly but remain conscious that ever so many important elements have not been treated. Environment and health come to mind. These must await another day; another occasion.

I thank you for your kind attention

FOURTH LECTURE IN THE CARIBBEAN LECTURE SERIES

THE ATLANTA UNIVERSITY CENTRE
ATLANTA, GEORGIA

by

DR. COMPTON BOURNE, O.E.

PRESIDENT

CARIBBEAN DEVELOPMENT BANK

CARIBBEAN DEVELOPMENT IN TROUBLED TIMES: TRENDS AND PROSPECTS IN THE REGIONAL AND INTERNATIONAL ECONOMY

APRIL 10, 2003

CARIBBEAN DEVELOPMENT IN TROUBLED TIMES: TRENDS AND PROSPECTS IN THE REGIONAL AND INTERNATIONAL ECONOMY

INTRODUCTION: *THE PUZZLE OF THE CARIBBEAN COMMUNITY*

CARICOM countries are a bit of a puzzle for many in the international community of nations. With a total population of six mn persons, they are quite small measured against global standards. Moreover, two of the 17 CARICOM members and associated states have more than a half of the total population. Table I shows that Jamaica has a population of 2.6 mn and Trinidad and Tobago a population of 1.3 mn. Six countries have populations of less than 50,000; five between 70,000 and 160,000; and four between 250,000 and 775,000. In effect, most of the countries are micro-states.

Most of them are also geographically small, island economies. Space constraints are a real problem posing quite sharply the issue of choice between different purposes for land use such as agriculture, residential settlements, and industrial settlements. Belize, Guyana and Dominica to a lesser extent, are exceptions to this problem of choice between competing claims on land. Small geographical size has also limited endowment of natural resources, although here too there are exceptions. Trinidad and Tobago has a major offshore petroleum and natural gas industry. Jamaica has bauxite. But for most islands, the major natural resources other than agricultural land are their beaches.

The puzzle for the international community is the fact that, despite their small geographical and population size, CARICOM countries seem reasonably well off compared to many other developing countries. Per capita gross domestic product in 2000 were certainly multiples of those of less developed countries and are usually higher than the average for countries placed in the United Nations (UN) medium human development category (**Table 1**). In the Bahamas, Barbados and St. Kitts and Nevis, per capita GDP was not less than half of that in the UK or 37% of that in the USA.

The UN computes an index of human development which captures a wider set of variables which compositely affect human development. The index value for CARICOM countries in 2002 ranged between .742 and .874 except for St. Vincent and the Grenadines at .733 and Guyana at .708. Countries classified as high human development had a group average index of .918, countries in the medium human development category had an average index of .691 and countries in the low human development category an average index of .448 **(Table 1**). There is therefore quite strong evidence that CARICOM countries are not among the poorest developing countries. However, as the comparisons with high income countries would suggest, CARICOM countries do have higher standards to which they might aspire. The goal is to be among the world's developed nations.

THE ECONOMIC GROWTH RECORD

The period 1980-2000 was one of economic growth for most CARICOM countries. Economic growth was stronger in the 1980s than in the 1990s. For the 1980-89 period, 12 countries grew their real per capita GDP measured in constant prices at an average annual rate of 4-6%. Three others grew at 2-3%. However, during the 1990s, only two countries had average annual growth rates as high as 4%. Six countries grew at only 2% yearly. The exceptions to the trend over 1980-2000 were Jamaica which stagnated in both decades, the Bahamas which stagnated in the 1990s, Guyana which contracted at 3.3% during the 1980s but expanded at 3.8% annually in the 1990s, and Trinidad and Tobago which declined by 0.7% yearly during the 1980s but achieved a 3.4% growth rate in the 1990s.

Macroeconomic performance changed substantially in 2001 and 2002. In 2001, the economy contracted in six countries: by 3% to 5% in Dominica, Grenada, and St. Lucia; by 2.8% in Barbados and by 0.5% to 0.7% in the Bahamas and in St. Vincent and the Grenadines. The slump in international tourism caused by 9/11, adverse weather conditions and decreased production of bananas caused by the change in the rules governing exports to Europe were the main causes of economic recession. There was a marginal recovery in 2002 evidenced by the slowing of economic recession in Barbados and Grenada, a slight turnaround in Dominica, St. Lucia and St. Vincent and the Grenadines. However, Guyana, Jamaica and St. Kitts and Nevis grew less rapidly in 2002 than in the preceding year.

SOCIAL DEVELOPMENT

CARICOM countries have serious social problems despite their successes in lifting aggregate economic welfare. Between 18% and 39% of the population of the countries live in poverty. Many are indigent. Youth unemployment and unemployment among females is high in absolute numbers. Crime associated mainly with narcotics abuse and trafficking is on the rise. Urbanisation has increased with less than commensurate increases in employment opportunities and social services. There is under-provision of public health services. Per Capita purchasing power parity expenditure on health in 2000 was at most US$612 (in the Bahamas) and as little as US$51 (in Guyana) compared with US$4,271 in the USA, US$1,939 in Canada and US$1,675 in the UK (Table 3). Most CARICOM countries were in the US$150-US$210 range. Data on the number of physicians per 100,000 persons in the population reinforce the conclusion that health services are under-provided. In CARICOM, there are no more than 100 physicians per 100,000 persons in seven countries; in four countries, the number is between 114 and 152 per 100,000 persons (Table 3). In the UK by contrast, it is 164. In the USA, it is 279 per 100,000.

These are a few illustrations which help to make the point that CARICOM countries must therefore persist in their efforts at socioeconomic development if they are not to reap the whirlwind of social discontent. Resuscitation of economic growth is an imperative of these troubled times.

THE INTERNATIONAL CONTEXT

The international context for CARICOM development is not propitious. Adverse developments on the global scene contribute to the view that these times are troubling not only because of emerging social disorder domestically but also because of a world environment which attaches less significance to the peculiar circumstances of small CARICOM countries than it did in previous epochs.

CARICOM countries are extremely open economies, dependent on the rest of the world as markets for their goods and services and as hosts for their migrant population, and as sources for remittances of incomes earned by those migrants.

They depend upon the rest of the world as suppliers of much of their demand for producer goods and services and for final consumption of goods and services. Foreign capital whether in the form of official development assistance, private direct investment or private portfolio capital have been important supplements to domestic savings in financing economic activity. Some details may be in order.

Dealing first with foreign trade in goods and services, it is useful to note the extreme dependence on foreign trade shown by several indicators. In all countries, imports and exports sum to not less than 70% of GDP, and in some countries approximates all of their GDP. Taxes on foreign trade were historically a more important source of fiscal revenues than taxes on personal incomes and corporate incomes. Tourism has become the main industry in many countries, even in those like St.. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines and Dominica which had only fledgling tourism sectors in the 1970s. In 2000, total expenditure by tourists to CARICOM countries was estimated at US$6.3 billion (bn) of which the Bahamas received US$1.8 bn, Jamaica US$1.3 bn and Barbados US$0.7 bn.

A few agricultural commodities and mineral goods comprise most of the trade in goods: sugar, bananas, rice, rum, bauxite, petroleum and natural gas. The exports of most countries are comprised mainly of one or two commodities. Commodity concentration is acute. Most of the CARICOM sub-region's export trade is with a few highly industrialised and wealthy countries. The US is the leading country largely because of the dominance of Trinidad and Tobago's hydrocarbon exports and Jamaica's bauxite and alumina. The European Union is second in order of importance. The same pattern repeats itself for imports, except that the USA is even more predominant. In respect of tourism, the US, Europe (mainly the UK and Germany), and Canada are the main non-regional buyers of CARICOM's tourism services.

Commodity concentration and geographical concentration of trade plus the acute dependence on foreign trade for generation of domestic economic activity has made CARICOM economies very vulnerable to external shocks.

Two in very recent times have been of a political nature, namely the 9/11 terrorist attacks on the US and the war in Iraq. The slump in international tourism, particularly from the US, consequent upon the 9/11 terrorist attack on the US caused a major downturn in the economies of CARICOM as many hotels and restaurants were forced into closure or reduction of employment, fiscal revenues from taxes on room occupancy and other services decreased, and price discounting was adopted as a way of competing for a shrinking market. The 2001/2002 high season was virtually wiped out in many CARICOM destinations. A recovery began in 2002/2003.

Now, however, the war in Iraq has renewed fears that if they persist into the last quarter of 2003, may have further depressionary effects on Caribbean tourism. The war in Iraq has already affected the profitability of airline companies in CARICOM. Fuel costs have risen and payloads have fallen sending at least two of the region's airline companies into arrears on their financial obligations and raising the spectre of bankruptcy and closure. If, as is likely, the financial costs of the war to the US and the UK create relative capital scarcity in international financial markets, then CARICOM countries, like other debtor nations, must contend with higher interest rates and possibly less access to refinancing.

Troubles in the international environment are not confined to political matters. A very potent external shock would be the loss of trade preferences. In recognition of the structural economic disadvantages of CARICOM countries and partly out of ex-colonial relations and western hemispheric good neighbourliness, Europe and the US and Canada in the Americas have for many decades maintained schemes of preferential trade access to their markets. Sugar, bananas, rum, and rice in Europe; sugar and some light manufactures in North America. Agriculture and Industry in CARICOM countries have been built on those foundations. The foundations have been vigorously shaken under the new global trade rules. In 1997, WTO in response to challenges by the US and Latin American banana-producing countries declared the European Union's import arrangements for ACP bananas to be in violation of the new trade rules. This decision marked the end of decades of preferential access to the UK market by CARICOM producers. They must now compete with lower cost Latin American producers and their US business partners such as Dole and Chiquita. A shakedown (shake-out) has consequently begun in countries such as Dominica, St. Lucia and St. Vincent and the Grenadines where thousands of rural people and many urban ones depend upon this agricultural trade for their livelihood.

Similar adverse developments pertain to sugar, the other principle agricultural export commodity. The Cotonou Agreement negotiated between the EU and ACP partner countries in 2000 sought to guarantee the latter countries an indefinite period of continued preferential access to the EU market. In 2002, Brazil and Australia - two of the leading sugar-producing countries - requested panel rulings by the WTO. If the WTO panels rule on sugar as they did on bananas, European trade preferences for sugar will have to end. CARICOM producers will then be in the "no win "situation of price competition with countries the enormity of whose scale of production makes them unbeatable low-cost producers in the world sugar industry.

Globalisation poses serious challenges not only because the new rules with their formal objective of establishing level playing fields deny the continuation of trade preferences. There are other problematic aspects. Global liberalisation of foreign trade will open CARICOM domestic markets to competition from imports which are frequently produced under conditions of economies of scale and economies of scope not available to small CARICOM producers and often produced as well with extensive government subsidisation of production costs. Who could seriously argue that US agriculture and European agriculture are not heavily subsidised? The rules-based system for governing world trade operates asymmetrically with developed countries continuing to engage in import protectionism through subsidies and non-tariff barriers while developing countries are pressured into full and rapid liberalisation of their foreign trade sector.

THE CARIBBEAN MARKET

The Caribbean market can provide some growth stimulus. The trend already started in cross-border direct foreign investment within CARICOM is important. Such investments can provide capital to countries in need of resuscitate lagging industries. They can finance new ventures. They can bring about transfers of managerial "know-how" and improved technology.

Furthermore, the CARICOM market is large enough to substantially substitute for the EU market losses caused by the end of trade preferences for sugar. In 1998 the CARICOM countries as group imported 63% of the 280,000 tonnes consumed regionally. If the CARICOM market is reserved for CARICOM producers, there would be an assured market for 35% of regional output. Sugar prices in CARICOM also exceed world market prices so that regional import substitution is also an incomes superior policy.

In the case of rice, approximately 50% of regional demand is supplied by imports. A combination of improvements in product quality and a deliberate policy of import substitution could increase the proportion of regional demand supplied by regional producers and generate substantial employment and incomes.

A similar argument could be made for the citrus industry in a situation where regional demand is supplied mainly by US producers of citrus and citrus-imitations while the Dominican industry has almost died and the Belizean industry struggles for a foothold in CARICOM markets.

THE CSME

The creation of the CSME is a crucial component of the economic development strategy of CARICOM as a sub-regional group. Its predecessors are the Caribbean Free Trade Area which provided for a customs union and the Caribbean Community established by the Treaty of Chaguaramus in 1973 which extended beyond intra-regional foreign trade to include a common external tariff on extra-regional imports, functional cooperation in major sectors and in international relations and envisaged the creation of a currency union. The Treaty of Chaguaramus was revised in 1998 to provide for the creation of the CSME.

One of the more important protocols from an economic development perspective is Protocol II which deals with rights of establishment, the right to provide services and the right to move capital across borders of CARICOM member states. The Protocol is intended to remove regulatory barriers to cross-border direct investment, trade in services requiring physical presence and movement of CARICOM nationals for purposes of work or residence. When Protocol II is fully effective there is likely to be much greater mobility of labour and capital than currently obtains. Its economic significance is the scope it gives for enterprise growth, technology improvement, productivity gains, and achievement of economies of scale and scope. In other words, its major potential contributions are the possible gains in economic efficiency. These are critical for improving the price competitiveness of CARICOM enterprises within the sub-region as well as globally.

Other components of the institutional framework under construction include the establishment of a regional stock exchange to facilitate and regulate trading in corporate equities and government securities. The present situation is one of separate national capital markets, relatively few listings, infrequent daily trades, few investors, and few enterprises providing capital markets support services such as stockbroking, stock market analysis and corporate and financial data. The hope is that regionalisation of the capital market would encourage companies to raise more of their financing through issue of corporate equity, would encourage greater savings in the form of corporate and government securities and would provide financial investors with wider choices.

Another important component is the Caribbean Court of Justice (CCJ) which is expected to become operational late in 2003. All economic integration schemes, whether in Europe, Africa or Latin America, have found it necessary to establish a judicial machinery for settling trade and investment related disputes that arise between countries, between enterprises or individuals and governments, and between private parties to cross-border transactions. The principal role of the CCJ would be to adjudicate such matters both as a court of original jurisdiction and as an appellate court, making and interpreting community law in the process. In exercising these functions, the CCJ will be free of political influence and be independent in its deliberations in keeping with a long-established tradition of judicial independence in the justice systems of CARICOM countries.

Progress towards the full implementation of the CSME has not been smooth or quick. It could not reasonably be expected to be harmonious and rapid for several reasons. **First**, many of the enabling provisions require parliamentary approval and often involves drafting and enacting new laws which is usually a slow process because of insufficiencies of legal personnel. **Second**, the budgetary resources required to fund new institutions inevitably cause delays since almost all CARICOM governments have fiscal problems. **Third**, although the CSME will ultimately confer benefits on all member countries, the distribution of benefits among them will not be equal in the early years and some countries, because they are less well-endowed with productive and human resources, will remain structurally disadvantaged unless there are arrangements for financing the accelerated development of the less advantaged member countries. Like the EU, CARICOM has identified the need for creation of such a special fund and committed to its establishment in one of the Protocols. **Fourth**, quite powerful or influential economic interests might be adversely affected in the short-term and they could be expected to resist implementation of the provisions which directly concern them. Trade unions, for instance, have a short-term vested interest in work permit restrictions and other regulatory barriers to the free movement of labour, while manufacturers are often opposed to import competition . **Fifth**, the concept of a Caribbean Community is not sufficiently deeply engrained as yet to prevent nationalist sentiments from clouding the economic issues which should be the principal focus of discussions about the various aspects of cross-border economic transactions. The CSME cannot happen overnight. The target may be 2005 or 2006 or even 2007, which would not be bad considering that it took Europe close to 50 years to achieve an economic union that is still not complete or satisfactorily consummated.

HEMISPHERIC AND EUROPEAN ECONOMIC PARTNERSHIP

CARICOM countries are engaged in negotiations for entry into a hemispheric economic integration arrangement with Canada, the US and other countries of the Americas. The FTAA is expected to incorporate the geographical mass from Anchorage in Alaska to Tierra del Fuego in Argentina. Negotiations are also underway for a Regional Economic Partnership Agreement (REPA) with the European Union. The EU-CARICOM REPA would replace the transitional arrangements currently in force under the Cotonou Agreement which itself marked the end of four successive Lomé Agreements for uni-directional trade preferences and financial aid from Europe to ACP countries. Present indications are that both the FTAA and the REPA will have a strong element of trade reciprocity, if not full trade reciprocity as the developed country partners wish. A constraint is WTO compatibility which limits the scope and would define the form on non-reciprocity provisions.

Caribbean business interests, particularly manufacturers, are apprehensive about the import competition which will result from the accession in to the FTAA and into an EU-CARICOM REPA. It is sensible, however, not to lose sight of the opportunities presented by access to the large, high income markets of Europe, Canada and the USA and of the dynamic possibilities of access to the Latin and Central American market. Market access has to be more than formal, i.e., more than words in a treaty provision. Non-tariff barriers such as highly variegated country unique labelling and packaging requirements, sanitary and phyto-sanitary standards, and environmental standards have handicapped CARICOM products in search of markets in Europe and the USA. Furthermore, CARICOM countries have inherent disadvantages of small economic size and extreme vulnerability to external economic shocks and natural hazards. These countries are therefore arguing strenuously and persistently for special provisions that take account of their special situation.

The Barbados Prime Minister, the Rt. Honourable Owen Arthur, is fond of quoting the ancient Greek Philosopher Aristotle to the effect: “Between equals, equality; between unequals, proportionality. Nicolas Kaldor, the Hungarian-British economist of taxation and welfare economics fame in the 1948-1980 period, gave us the welfare economics proposition that inequality is not lessened by treating unequals equally. Both maxims provide a philosophical and practical justification for the CARICOM countries insistence on special and differential treatment in the trade provisions of the FTAA and the EU-CARICOM REPA. This is a strong counterargument to the proposition that levelling the playing field for foreign trade would be to improve the welfare of all countries. Levelling the playing field would, in fact, give unfair advantage to the large, well-endowed, less vulnerable economies.

CARICOM countries understand that they must adjust to new global realities, that they must modernise and restructure their economies and that they must engender the productivity improvements that are essential for enhancing international competitiveness. These changes, however, will take much time even in the most propitious of circumstances. A reasonable transition period is required.

Financial capital is also required. CARICOM countries have maintained high rates of domestic investment on a global standard for the last two decades, despite the adversities of natural disasters and external economic shocks. Gross domestic investment as a percent of GDP averaged between 20% and 33% for the 1981-1990 period. OECD countries had gross domestic investment ratios of 20% in 1999. CARICOM countries cannot afford to slacken their investment efforts and their domestic savings effort now.

But there is no denying that foreign capital also remains an extremely valuable source of support for the economic development efforts within CARICOM. This is why so much importance is attached to building in sympathetic provisions relating to direct foreign investment and official development assistance in the FTAA and the EU-CARICOM REPA.

It is estimated that between 1990 and 2000, net foreign direct investment inflows were $9.3 bn and comprised approximately 25% of gross domestic investment. The upward trend needs to be sustained. In contrast, official development assistance has trended downwards, largely because of the contraction of US aid flows to the CARICOM countries. Loans and grants from the USAID to the Caribbean, including the Dominican Republic and Haiti, decreased from $92 mn in 1990 to $30 mn in 2000.

THE CARIBBEAN DEVELOPMENT BANK

Established in 1970, CDB is integral to socioeconomic development efforts in CARICOM. The 25 members of the Bank include 20 regional borrowing countries, three regional non-borrowing countries, viz., Colombia, Mexico and Venezuela, and 5 non-regional non-borrowing members, viz., Canada, the UK, Germany, Italy and China. Its total subscribed capital is $705 mn of which $156 mn is paid-up and $549 mn is callable. The total value of new loans and grants approved in 2002 was $129 mn.

The CDB, by virtue of its triple A rating in international capital markets, is able to mobilise financial resources for on-lending to its borrowing member countries. It has been a major source of funds for investments in the physical infrastructure, human resource development, improvement of public governance systems, directly productive economic sectors, and more recently in environment and targeted poverty reduction.

The Bank is also a source of economic policy advice and assists financially with the work programme of CARICOM Secretariat and the Caribbean regional Negotiation Machinery which is the entity established to spearhead CARICOM's external negotiations on the FTAA and the EU-CARICOM REPA.

CONCLUSION

In conclusion, I have sought to provide a broad overview of the challenges of Caribbean economic development and the approaches now being taken or being considered as the CARICOM seeks to adjust to the new global realities.

It is necessary that economic development strategies and policies put people at the centre of the development process not only by recognising human resource development as an instrumentality of general economic development but also by identifying enhancement of economic and social welfare and quality of life as the essential unifying goal of all development strategies. Also to be recognised is the fact that social development is a co-requisite of economic growth and development, a link affirmed by the Black Power Movement in the US in the 1960s, the failure of the Latin American Southern Cone experiment with despotic rule, the armed phase of the anti-apartheid struggle in South Africa, and the war for the Statehood of Palestine. These examples point to different causes but each makes the point that social instability is inimical to a wide-based commitment to the future.

It is my hope that CARICOM which prides itself on being a zone of peace will be ever mindful of the imperative of social development and economic justice as it pursues the no less important goal of economic growth.

TABLE 1:

Country	Per Capita GDP PPP US$ in 2000	Human Develop-ment Index in 2000	Population in 2000 (000s)	US$ PPP Per Capita Expenditure On Health	No. of Physicians Per 100,000 1990-1999
Antigua and Barbuda	10,541	.880		179	114
Bahamas	17,012	.826	303	612	152
Barbados	15,494	.871	269	601	125
Belize	5,606	.784	250	82	55
Dominica	5,880	.779	71	208	49
Grenada	7,580	.747	101	193	50
Guyana	3,963	.708	772	51	18
Jamaica	3,639	.742	2,598	157	140
St. Kitts and Nevis	12,510	.814	44	408	117
St. Lucia	5,703	.772	155	151	47
St. Vincent and the Grenadines	5,555	.733	112	175	88
Trinidad and Tobago	8,964	.805	1,290	204	79
High Human Develop-ment	24,963	.918	-	1,675	164
Medium Human Development	4,141	.691	-	4,271	279
Low Human Develop-ment	1,251	.448	-	1,939	229

TABLE 2: DECADEL AVERAGE ANNUAL GROWTH RATES OF REAL PER CAPITA GDP (%)

Country	1980s	1990s	2001	2002
Antigua and Barbuda	6.3	2.0	1.5	2.1
Bahamas	1.6	0.0	-0.5	-
Barbados	1.8	0.5	-2.8	0.6
Belize	2.8	1.9	4.6	4.4
Dominica	6.3	1.9	-4.3	0.8
Grenada	4.7	2.5	-3.4	-0.5
Guyana	-3.3	3.8	1.9	1.3
Jamaica	0.2	-0.1	1.7	1.2
St. Kitts and Nevis	6.9	4.3	2.4	1.4
St. Lucia	4.3	3.1	-5.4	0.4
St. Vincent and the Grenadines	4.8	2.4	-0.7	0.8
Trinidad and Tobago	-0.7	2.3	3.3	2.7

Source: 1980s and 1990s: Caribbean Economic Overview 2002, CGCED, World Bank, June 2002; 2001 and 2002: Caribbean Development Bank Annual Report 2002.

TABLE 3: SOCIAL INDICATORS

Country	Per Capita Expenditure on Health (PPP US$)	No. of Physicians Per 100,000 Persons
Antigua And Barbuda	179	114
Bahamas	612	152
Barbados	601	125
Belize	82	55
Dominica	208	49
Grenada	193	50
Guyana	51	18
Jamaica	157	140
St. Kitts And Nevis	408	117
St. Lucia	151	47
St. Vincent And The Grenadines	175	88
Trinidad And Tobago	204	79
United Kingdom	1,675	164
United States Of America	4,271	279
Canada	1,939	229

Source: Human Development Report 2002, United Nations, New York

LECTURE
IN THE DISTINGUISHED LECTURE SERIES
OF THE CARIBBEAN COMMUNITY

IN CELEBRATION OF ITS THIRTIETH ANNIVERSARY

GRENADA

by

DR. COMPTON BOURNE, O.E.

PRESIDENT

CARIBBEAN DEVELOPMENT BANK

A CARIBBEAN COMMUNITY FOR ALL

JUNE 25, 2003

A CARIBBEAN COMMUNITY FOR ALL

INTRODUCTORY REMARKS

I am extremely honoured by the invitation of His Excellency Mr. Edwin Carrington, the Secretary-General of the Caribbean Community, to deliver this Lecture in the series of Distinguished Lectures commemorating the 30th Anniversary of the Community.

I am grateful to the Government and people of Grenada, particularly Prime Minister, Dr. Keith Mitchell, for hosting the Lecture and for allowing me once more to avail myself of the warm hospitality and kindness of the Grenadian people.

I would also like to express my appreciation to Mrs. Marilyne Trotz for making the arrangements so smooth and efficient.

I take special delight in being able to speak here because it is in this country that the father of West Indian integration was born, raised and lived and from where much of what we now celebrate originated. I refer, of course, to the late, great T.A. Marryshow a man of his times and also a man fundamentally ahead of his time.

THE NATURE AND EVOLUTION OF CARIBBEAN COMMUNITY

This year, we in the Caribbean celebrate 30 years of sustained effort at constructing a Caribbean Community. The Treaty of Chaguaramas signed on 4th July 1973, by Barbados, Guyana, Jamaica and Trinidad and Tobago marked the formal establishment of the Caribbean Community as an institutional framework for economic integration, functional cooperation and coordination of foreign policy.

However, a community is not merely a set of institutional arrangements for trade, commerce, uniform policies and joint or coordinated actions. It is essentially about the linkages between people in a multiplicity of ways, at many levels and in varying degrees of intensity. A Caribbean Community comes into being through kinship, cultural affinities, interactions in the common Caribbean space for work and leisure, and in all those dimensions of human life that cause people to feel one and the same.

The Caribbean Community as we know it now is not stationary. It is evolutionary. It did not start in July 1973. Indeed, elements of a community were instilled as a consequence of homogenizing colonial presence in governance, notably the structures of political administration, geographical pooling of islands, **e.g.**, the Windward Islands Federation from 1833 to 1958 and the Leeward Islands Federation from 1971 to 1956, and the imposition of European colonial cultural norms and practices on indigenous populations, African slaves and Chinese and Indian indentured labourers. More important, one can date its origin with the call of the great Grenadian patriot, T.A. Marryshow and the Trinidadian A. Cipriani in 1932 for a Caribbean Federation. In September 1947, Grantley Adams of Barbados, Albert Gomes of Trinidad and Tobago, Norman Manley of Jamaica and John A. Renwick of Grenada advocated The Closer Association of the British West Indian Colonies. A vitally important step along the way to the Treaty of Chaguaramas was the establishment of the West Indies Federation by Antigua and Barbuda, Barbados, Dominica, Grenada, Jamaica, Montserrat, St.Kitts-Nevis-Anguilla, St. Lucia, St. Vincent and the Grenadines and Trinidad and Tobago in 1958. The dissolution of the Federation in 1962 was not a failure of the federal principle as commonly believed but instead is a demonstration that community political superstructures must reflect and be supported by the enabling foundations of economic relations, social cohesion and a deeply rooted sense of "togetherness".

It is obvious that the set back of 1962 did not destroy the federal spirit among the political leaders of the time. In 1962 itself, Eric Williams proposed a Caribbean Economic Community. In 1965, Antigua and Barbuda, Barbados, British Guiana and Trinidad and Tobago established the Caribbean Free Trade Association of which Dominica, Grenada, Jamaica, Montserrat, St. Kitts-Nevis-Anguilla, St. Lucia and St. Vincent and the Grenadines became members later that year and British Honduras in 1971. On 4th July 1973, Barbados, Guyana, Jamaica and Trinidad and Tobago signed the Treaty of Chaguaramas that established the Caribbean Community. By July 1974, they were joined by all other CARIFTA members and by The Bahamas in 1983.

The Caribbean Community is no longer linguistically homogeneous or culturally unified by British colonial heritage. The accession to membership by Suriname in July 1995 and Haiti in July 2002 are watershed events in the evolution of the Caribbean Community into a more inclusive community. They were foreshadowed by the West Indian Commission who in the Time For Action had this to say: "The vision of the future must be one of widening circles of integration starting with our circle of CARICOM kinship and broadening out to our extended Caribbean family .... (The) conception should be clear: The architecture must provide for all, and its integrity must not be compromised. None must be excluded ***ab initio.***" Geographical, linguistic and cultural widening need not weaken the Community. It can strengthen it by enriching its history and perspectives on the future. It widens our lens to the world. It can move us closer to critical mass in global economics and international political relations. It can enlarge our sense of Caribbean Community.

ECONOMIC HETEROGENEITY AND SIMILARITY

The countries of the Caribbean Community are simultaneously quite heterogeneous and similar in economic characteristics and experiences. In 2000, per capita gross domestic product in purchasing power parity US dollars ranged from a low of $1,467 to $17,012. The top four countries, *viz.*, Antigua and Barbuda, The Bahamas, Barbados and St. Kitts and Nevis were between $10,541 and $17,012. The second five, ***viz.***, Belize, Dominica, Grenada, St. Lucia and Trinidad and Tobago were between $5,606 and $8,963. The next four countries namely, Guyana, Jamaica, St. Vincent and the Grenadines and Suriname were between $3,639 and $5,555. Haiti stood alone at $1,467. It should be noted that per capita incomes within the Community are not closely correlated with natural resource endowments or country size.

Economic growth rates, although tending towards convergence, still exhibit considerable intra-Community variation. This is also the case for inflation rates. On the other hand, unemployment rates exhibit a high degree of similarity with no tendency over the 1990-1999 period to changes in the degree of convergence. Other instances of economic similarity are high ratios of trade tax revenues to GDP ***(*i.e.**, acute dependence on trade taxes) and high ratios of foreign trade to GDP (**i.e**., acute foreign trade dependence).

The Caribbean Community is also quite diverse in terms of social indicators of quality of life such as number of physicians per unit of population, per capita health expenditures, infant mortality and live expectancy at birth**.**

Diversity does not invalidate the concept of community of nations for much the same reason as it does not invalidate the concept of family. Nonetheless, persistent wide and growing differences in economic situations and prospects could be a source of tension with ultimate disintegrative effects on the community. Members of a community need to have a sense of shared benefits from being members of the community. Although there may be unity in adversity, it is a sense of mutuality of gains that sustains community spirit. The Caribbean Community must be for the benefit of all.

INTRA-COMMUNITY TRADE

A great deal of unease about the Caribbean Community which occasionally surfaces is linked to intra-Community trade in particular to the judgement that opportunities for benefits are inequitably distributed, As noted by Loukas Tsoukalis in his book The New European Economy Revisited (Oxford University Press, 1977): "A relatively equitable distribution of the gains and losses, or at least perception of such an equitable distribution, can be a determining factor for the continuation of the integration process." It is important for the construction and maintenance of a strong Caribbean Community that we understand the issues well.

A consequence of the elimination of trade barriers among Community member countries is the displacement of higher cost domestic production by lower cost imports from partner countries. Consumers in the importing countries gain; producers lose. If a country is not cost-uncompetitive across all industries, then production losses in some sectors are compensated by gains in others. When there is inequality of resource endowments, including human resources among Community members, distribution of gains through trade will not be equal because differences in resource endowments will usually be mirrored by differences in competitive strength within the Community market. This inequality of outcomes is not to be confused with "unfairness". What matters is whether there is meaningful opportunity for less well-endowed countries to export within Community markets and whether their export performance is enhanced by the existence of a Community market**.**

The Community market is quite important for several members, despite the predominance of extra-regional trade in their total trade. Exports to Community members comprise approximately 43% of total exports for Barbados, 31% for Trinidad and Tobago, 78% for Dominica, 25% for Grenada, 49% for St. Vincent and the Grenadines and 19% for St. Lucia. Trinidad and Tobago has become the dominant exporter with 75% of intra-Community exports in 1998; next is Barbados with 11% approximately. The main importers are Jamaica (40%), Barbados (21%), Trinidad and Tobago (14%) and St. Lucia (9%). Only Trinidad and Tobago has had persistently positive trade balances, ***i.e***., exporting by a wider margin more than it imports from Community members. Trinidad and Tobago's trade surplus increased from US$185 mn in 1990 to US$631 mn in 1978.

Features of this comparative Community trade performance has attracted negative comment about the sharing of benefits. Several points have to be taken into consideration. First, countries have done better as exporters as a consequence of their membership in the Community. Exports to the Community as a percentage of total exports increased for five countries and remained stable for one other. Over the 1990 to 1999 period, Community exports increased relative to total exports in Barbados, Dominica, Trinidad and Tobago, St. Lucia and St. Vincent and the Grenadines. No trend is evident for Grenada, while there has a downward trend for Jamaica and St. Kitts-Nevis.

Second, several member countries have experienced growth in intra-Community exports. Barbados' exports increased from US$66 mn in 1990 to US$110 mn in 1998; Trinidad and Tobago from US$264 mn to US$725 mn; Belize from US$8 mn to US$11 mn Dominica from US$14 mn to US$36 mn and Grenada from US$7 mn to US$10 mn. Third, while petroleum products predominate in Trinidad and Tobago's intra-Community exports and therefore in overall Community exports, most commodities in Community trade are manufactured goods based on imported raw materials and local labour (including managerial know-how) so that regional competitive advantage can be created by appropriate labour market policies, human resource development and investment in the physical and communications infrastructure. The conclusions to be drawn are that there is a sharing of the gains from trade although not as equally as might be desirable and that Community members can participate to a greater degree in intra-Community exports if they adopt economic strategies to improve their own production capacity.

LABOUR IN THE COMMUNITY

Geographical mobility of labour is a critical equalizing force in economic communities, whether those Communities are political federations or merely economic unions. What usually gets attention in the Caribbean Community is the temporary or permanent emigration of workers from countries where production displacement has occurred to countries where export expansion has occurred. This facet should not be accorded that much attention for two reasons. First, unemployment in Community countries is not due substantially to intra-Community import competition. Instead, the principal influence is extra-Community export performance: the slump in tourism, problems in European banana markets, etc. Second, one should not treat intra-CARICOM trade-induced contraction of economic activity as fixed reality instead of a situation amenable to economic correction. Deserving of greater attention is temporary or permanent immigration of skilled and expert personnel as a way of boosting the less well-endowed country's stock of human capital in order to build production capacity and improve intra-Community trade competitiveness and trade performance. Labour market integration of this kind does not displace local labour. It creates jobs at home for labour displaced as a consequence of the trends and patterns of Community trade and international trade.

Caribbean Community member countries have been too overwhelmed by the immediate pressures of domestic unemployment to see the potential dynamic benefits of labour market integration. Unemployment rates have ranged between 9% and 17% in recent years. In these situations, it is easy for governments to succumb to defensive labour market tactics such as more stringent work permit restrictions, rather than to address the challenges of improving labour productivity and labour force quality without which there is unlikely to be any sustainable job creation in an open competitive economy.

Labour market integration can also help to relieve production bottle necks due to unavailability of local labour at economically feasible wage rates. Within the Community, the construction sector and also agriculture have experienced labour constraints to expanded output with consequential inflation of output prices and production delays as in the case of the sugar industry. Relaxation of the labour constraint through realisation of a Community labour market would confer benefits of lower prices, shorter production runs, and larger output on both labour-sending countries and labour-receiving member countries. Of course, some countries have received labour as "underground" workers ***i.e***., workers unrecognised by the authorities but having real presence in the work place. This is an economic injustice since it allows the host countries to benefit from imported labour services while denying the service providers the full due of their contribution to economic activity in those same host countries**.**

Throughout the Caribbean Community there are fears that unrestricted movement of Community residents would place severe burdens on social services beyond the capacity of Governments. It is difficult to give much credence to such fears because they ignore the fiscal contributions which such workers with proper legal migrant status will be required to make, and because arrangements for portability of pensions and social security benefits would reduce the dependence of new migrants on the accumulated monetary contributions of resident workers. Behind the seemingly intractable problem of restrictions on geographical mobility of labour in the Caribbean Community is refusal to accept the concept of a common economic space which must be the core of Community philosophy.

FINANCIAL CAPITAL IN THE COMMUNITY

Capital flows are another equalizing factor in geographically distributed economic communities. Through direct investment or through portfolio capital which is then converted into loans and equity investments, recipient countries may build productive capacity, enhance their physical and social infrastructure, and finance current economic activity to improve their current and future economic performance within the Community. The benefits to the sending countries are the income earned on financial capital and direct investment as well as the medium and long-term benefits to their own export sectors of having economically vibrant economic community partners. The CARICOM Secretariat's Trade and Investment Report 2000 documents "the growing phenomenon of intra-Caribbean investment" in which 39 companies participated in cross-border operations in manufacturing, financial services, tourism and multiproduct business. While 16 out of the 39 companies are headquartered in Trinidad and Tobago, the spread of Head Office location across the region is not inconsiderable : 10 in Barbados, six in Jamaica, four in Guyana, and one each in Antigua and Barbuda, St. Lucia and St. Vincent and the Grenadines. In 1997 and 1998, intra-CARICOM investments in OECS countries totalled US$138 mn, a quite substantial sum. Investments in some other countries may well have been no less than this amount.

Given the potential contribution of Community-origin direct investment in member countries it should come as a surprise that attitudes in recipient countries seem less than welcoming. Foreign exchange controls, work permit regulations and the clamour of protective nationalism constitute formidable obstacles to the potential transborder investor in the Caribbean Community. There are provisions in the Revised Treaty of Chaguaramas intended to be facilitatory of cross-border investments. Specifically, Protocol II which deals with rights of establishment, the right to provide services and the right to move capital needs to be implemented if barriers to movement of labour and capital are not to frustrate cross-border investments.

The potential of portfolio capital flows for equalizing gains from economic integration should also not be underestimated. Several countries have fairly longstanding situations of excess liquidity in their financial systems co-existent with a shortage of investment opportunities. In others, the situation is opposite. Foreign exchange controls have served to rigidly segment financial markets into national enclaves thereby minimising the scope for productive employment of financial services in the Community as a whole, artificially depressing interest rates and frustrating competitive market pressures for improvement in the quality of financial services. One outcome is substantial variation across the Community in the quality of financial services, in the cost of capital and in returns to savings. It should not be thought that cross-border mergers and acquisitions in the financial sector will significantly reduce these variations. Cross-border firms would be free to integrate operating systems with some efficiency gains to customers but would still be constrained by national foreign exchange controls and regionally uncoordinated monetary policies.

The retention of foreign exchange controls within the Caribbean Community has been advocated on two grounds: domestic interest rate insulation and avoidance of capital flight. On the first, it is true that equilibrating market forces will drive up interest rates in the low interest rate economies and drive down interest rates in the high interest rate economies if portfolio capital is geographically mobile. In other words, there will be market convergence of interest rates which is not a bad tendency if one subscribes to the Community goal of a common financial space. Foreign exchange controls on the other hand institutionalise interest rate divergence, thereby effectively maintaining segmented financial markets. On the second count, the belief is that capital will move from the capital controls, fixed exchange rate jurisdiction to the no capital controls, flexible exchange rate jurisdictions en route to extra-regional financial markets. Caribbean reality has been somewhat at variance with this presumption. Foreign exchange controls in current fixed exchange rate jurisdiction have been wholly ineffective in stopping overseas portfolio investments by Caribbean residents as official data for the US readily show. What causes extra-regional capital outflows is not the absence of foreign exchange controls but the desire on the part of financial investors for economic and political risk management through portfolio diversification and the quest for higher rates of return than are possible in constricted domestic financial markets. Paradoxically, the widening of financial options and the availability of a more attractive portfolio of financial instruments through financial market integration are more likely to mitigate capital outflows than would foreign exchange controls on intra-Community flows.

NON MARKET FACTORS

The focus thus far has been on market forces. However, market forces by themselves are insufficient for building sustainable economic communities. Federal nations such as the USA and Canada have built-in provisions for offsetting tendencies for economic polarisation and uneven regional development. The European Union is constitutionally required to adopt policies for economic and social cohesion.

McIntyre in 1965, Demas in 1967 and Brewster and Thomas in the same year provide early Caribbean recognition of the need for explicit redistributive policies or policies for promoting equal gains in Caribbean economic integration. Brewster and Thomas' proposals for regional industrial planning and complementarity attracted attention among intellectuals but not among policymakers. Like McIntyre, Demas proposed the promotion of exports of agricultural products from the CARICOM LDCs and further proposed their regional specialization in domestic food production. A modernized version of the McIntyre/Demas proposals in which the Windwards, Belize and Guyana are promoted as the principal exporters in intra-Caribbean agricultural trade may be worth close examination.

Demas and others had also urged the deliberate creation of poles of growth in CARICOM LDCs. Tourism has emerged as one such pole of growth but its emergence could not seriously be attributed to regional industrial location policy. As the OECS economies struggle now to adjust to damaging structural shifts in extra-regional markets for their agricultural exports, the need to identify additional growth poles has become urgent.

Special institutional arrangements and policies for redistributive or cohesion-creating movements of capital have also been long recognised in Caribbean economic integration. CDB's Charter requires it to pay special regard to the needs of its CARICOM LDCs. Furthermore, for many years the Bank adopted a policy of favouring the LDCs in terms of the proportion of its financial resources made available to them. Even now, the Bank's soft funds are channelled principally to CARICOM LDCs as initially classified. Cumulative distribution of loans, equity and grants for the period 1970-2002 tell part of the story. Thirty-eight per cent of approvals were for OECS countries and 8.8% for Belize compared with 15.8% for Jamaica, 9.9% for Barbados and 6.1% for Trinidad and Tobago. CDB's role has been one of intermediating international capital rather than regional capital.

The revised Treaty of Chaguaramas provides for the creation of another institutional mechanism for financing cohesion within the Community. Protocol II envisages a Development Fund which can be used to provide financial capital to countries disadvantaged by accession to the CARICOM Single Market and Economy. Details are still to be worked out and the EU experience with its Structural Funds and its Cohesion Fund may be useful. The EU's reformed Structural Fund sets among its priority objectives the development of regions that are lagging in levels of economic development; conversion of areas of industrial decline; offsetting (reversing) long-term unemployment; youth unemployment; adjustment of agricultural structures; and rural development. Structural funds are additional to national expenditures within these categories. In the EU, a lagging region is one whose per capita income is less than 75% of the Community average. There are two points of immediate difficulty with the EU model. First, the use of a per capita criterion would effectively exclude the structurally disadvantaged CARICOM LDCs or if set at a level which includes them would be so all-inclusive that it becomes unworkable. Second, the EU's Structural Fund and the Cohesion Fund are financed out of the EU's own fiscal resources garnered from trade taxes and a share of national VAT revenues. It cannot be presumed that Caribbean Community members have either the fiscal capacity or the will to make similar commitments to financing Community redistributive policies.

CONCLUDING REMARKS

A Caribbean Community For All may be interpreted to mean a community that extends beyond its present core of Anglophone Caribbean countries to include the other linguistic countries within the Caribbean Basin. Geographical and cultural inclusivity along these lines may not be a very distant objective in light of regionalization trends in the world and the need for small Caribbean countries to achieve diversity and economic strength through association and integration with other countries. It would be unwise, however, for the Anglophone Caribbean to approach the objective of widening the Community with its traditional underpreparedness.

No less important than geographical inclusion is the meaning of ***A Caribbean Community For All*** which has infused most of this Lecture, i.e., the creation of an economic community in which residents of the Caribbean occupy a genuinely common economic space and perceive of themselves as having a common economic destiny. It is evident that the Caribbean Community is not fully there as yet and that the edifice and interior of a Caribbean Community are still under construction. In all areas of Community life, there is much more to be done, especially with a view to ensuring mutuality of gains.

There is no doubt, however, that our political leaders and our people aspire to the existence of a fully fledged Caribbean Community. We have travelled a difficult road in the thirty years and have achieved much of which all Caribbean people can be proud. Let us now travel faster, with more surety, towards **A *Caribbean Community For All.***

STATEMENT AT THE

OPENING CEREMONY OF

HIGH LEVEL ADVOCACY SESSION

MDGs: A GLOBAL AGENDA SUPPORTING REGIONAL DEVELOPMENT

by

DR. COMPTON BOURNE, O.E.

PRESIDENT

CARIBBEAN DEVELOPMENT BANK

JULY 9, 2003

STATEMENT AT OPENING CEREMONY OF
HIGH-LEVEL ADVOCACY SESSION:
MDGs: A GLOBAL AGENDA
SUPPORTING REGIONAL DEVELOPMENT

PRELIMINARIES

I wish to thank the organisers of this event for inviting me to make a Statement on behalf of the Caribbean Development Bank.

The launch of the Human Development Report (HDR) is always opportune, allowing us to focus on the development scorecard of the world's countries on a country specific basis and also on a comparative basis and to do so in a quite comprehensive manner. The HDR is also much loved by political leaders - governments boast about movements up the Human Development Index; opposition leaders blame governments for movement down the index. There is something for everyone in it.

MDG GOALS: REFERENCE TO THE CARIBBEAN COMMUNITY

Previous speakers today and over the past two days have identified the eight MDG goals pertaining to poverty reduction, universal primary education, health, environmental sustainability, gender empowerment, and global development partnerships. I will not restate them or address all of them in the short time available to me, choosing instead to draw attention to those on poverty and primary education and to relate their achievement to global conditions which affect the economic performance of Caribbean Community countries.

POVERTY AND HUNGER

The MDG goal on hunger and poverty is to by 2015, halve the population living on less than US$1 per day and also to halve the population suffering from hunger.

On the surface, this goal may seem inapplicable or irrelevant to the Caribbean Community because of medium-high per capita GNP of most of its member countries. However, careful analyses of household income levels will show that this MDG is very relevant. Poverty surveys financed by CDB in various years over the period 1996-2000 show considerable incidence of indigence and poverty in several Caribbean Community Countries. The percentage of the population which could be described as indigent (i.e., below $1 per day) ranges between 11% and 26% in seven countries. The percentage below the poverty line of $2 per day ranges between 21% and 40% in 11 countries.

Poverty has persisted despite sustained moderate economic growth during the 1990s. This persistence is linked to several factors. First, the macro-economic instability of the economies with resultant short-term movements of persons in and out of the employed labour and the fiscal difficulties experienced by governments in maintaining programmes for poverty alleviation and reduction. Second, reversals of national economic growth which, if protracted, would result in reversals of the limited gains already made with respect to poverty reduction and force persons currently out of poverty into situations of poverty. Third, mal-distribution of personal incomes and wealth to such an extent that standard measures of inequality indicate rising inequality concomitant with the increases of per capita national incomes. Fourth, inequality of resource endowments, including human resource endowments, i.e., human capital and energy, and inequality of opportunities for self-improvement have separately as well as in a mutually reinforcing way contributed to the persistence of poverty.

CDB addresses the poverty reduction MDG in two basic ways. It has direct poverty reduction programmes on highly concessionary terms, i.e., with a very high grant element which finances projects for improvement of the enabling conditions for movement out of poverty. Many of these are designed with community involvement and provide for community participation in implementation.

The second way is by financing programmes and projects for sustainable economic growth. The scope of these activities is wide. Included are infrastructure projects, human resource development projects, institutional capacity building in the public sector, environmental projects and disaster mitigation projects, and more recently private sector development projects.

UNIVERSAL PRIMARY EDUCATION

Opinion leaders in the Caribbean Community often adopt a self-congratulatory stance about the region's achievements in primary education. This reflects the fact of close to 100% enrolment rates, about
which there may be some satisfaction. However, a closer look at educational outcomes gives rise to considerable unease about how much has been achieved and how much is still to be done.

There are quality issues to be addressed. There is a manifest problem of many school leavers not being functionally literate. One can also reasonably entertain doubts about the adequacy of the primary education curriculum as preparation for life in modern society. Furthermore, there is a question of meaningful access to primary education as distinct from formal access. The real access of many enrolled students is vitiated by malnutrition and other handicaps on cognitive ability, by school absenteeism, by delinquency and by underprovisioning of schools in terms of teachers and equipment.

It might be inferred from the low transition rates from primary to secondary schooling that many primary school students are unsuccessful in the degree of their primary education attainment. This raises the question of provision of remedial education services for such persons, especially in their early adult lives. The question can be similarly posed about the continuing education of teenage mothers forced to leave school at a premature age.

CARICOM countries of necessity must focus not only on primary education but must also set standards in relation to secondary and tertiary education which are essential for improving primary education and are critical for faster and sustained economic growth.

GLOBAL THREATS TO PROGRESS

The international economic environment presents formidable obstacles to progress in achieving the MDGs. Four are of particular significance for Caribbean Community countries. The **first** are the asymmetries that pervade international trade to the disadvantage of developing economies, asymmetries such as rapid trade liberalisation for developing countries vis-a-vis intensification of non-tariff protectionist barriers in developed countries and forced dismantling of production and export subsidy regimes in developing countries while the industrially advanced countries continue to subsidize their internationally weak economic sectors. **Second**, foreign aid has been diverted in large measure from support of international development to the pursuit of military objectives. **Third**, non-market obstacles, many emanating from the OECD Harmful Tax Competition Initiative, have been erected to capital flows to CARICOM countries which have fostered the development of international financial centres. **Fourth**, there are continuous attempts to use the medium-high per capita Gross National Product (GNP) status of CARICOM countries to disqualify them from development assistance. This is a non-recognition of their special structural problems as small, open vulnerable economies.

DEVELOPMENT PARTNERSHIPS

It is important that all donor countries and development finance institutions commit themselves to genuine partnership with developing countries towards achievement of the MDGs. Partnerships can be improved in several ways. They should become more multilateral and less bilateral. They should have as their primary purpose the development goals and objectives of beneficiary countries rather than promotion of national interests and reputation. They should involve beneficiaries fully in the design of programmes and projects. They should untie foreign aid, i.e., cease the practice of restricting procurement to suppliers domiciled in the donor country.

CONCLUSION

The MDGs constitute a very useful set of benchmarks against which development progress may be measured. The annual HDR is both a very valuable document for measuring performance and a stimulus for refocussing and reenergizing development effort.

FEATURE ADDRESS

to

CDB PROJECT IMPLEMENTATION AND MANAGEMENT WORKSHOP

by

DR. COMPTON BOURNE, O.E.

PRESIDENT

CARIBBEAN DEVELOPMENT BANK

in

TOBAGO

JULY 11, 2003

SALUTATIONS

I am pleased to be able to participate in the Closing Ceremony for the Workshop on Project Implementation and Management conducted and financed by CDB on behalf of the Government of Trinidad and Tobago and the Tobago House of Assembly.

The Workshop is another instance of the Bank's continuing attempt to strengthen human resource capacity in its borrowing member countries. In some cases, this is done by financing seminars, symposia and workshops initiated, organised and conducted by entities other than the Bank itself in fields in which the Bank does not expect a direct benefit. In other cases, like this one, the Bank foresees a direct benefit to its own operations. The improvement of project implementation and management skills in Tobago helps Tobago and also CDB.

THE QUEST FOR EFFICIENCY

Inefficient project implementation and management are costly. For the stakeholder, the costs are higher than anticipated financial costs of the project, delayed availability of the project output and the services associated with the output (sometimes absolute non-availability) and quality deficiencies. For the development bank, the costs are slower than projected disbursement of funds, higher project supervision costs and loss of reputational capital. For sponsoring governments the costs would include not only financial costs but also risk of loss of political support from the key stakeholder. For all these reasons, there should be constant striving towards greater efficiency in project implementation and management.

Experience with project implementation points to several problems that may arise. A major one is insufficient precision in the scheduling of project activities which can be the cause of periods of inactivity, delays in the availability of critical inputs and the forced adjustment of schedules which might then result in coordination difficulties. A closely related problem is the insufficient synchronisation of activities, e.g., the construction cycle of a new building with the procurement of furniture and equipment. A particular area of difficulty is ensuring that contractors fully and effectively discharge their responsibilities. In civil works contracts, ensuring construction to specifications, preventing unauthorised variations which usually increase costs and cause delays in completion, and avoiding an exaggerated slowing down of completion (the long tail which results from contractors switching labour to other jobs) are challenges to project managers. In these respects, supervising architects are not always diligent in performing their own contractual duties to the client which require them to carefully monitor civil works and advise the client appropriately. Sometimes it appears as if a mutuality of interest between supervising architect and civil works contractors takes precedence over obligations to the client.

Another potential pitfall is non-compliance with procurement policies and guidelines. Clients usually wish to exercise maximum flexibility in selection of suppliers of goods and services, including construction services and consultancy services. In contrast, development bank-funded projects restrict flexibility by specifying country eligibility of suppliers and by imposing criteria intended to achieve transparency and fair competition in the procurement process. Project managers have the delicate task of ensuring compliance with procurement policies while providing as much scope as possible for efficient choice by clients.

Scheduling of claims for disbursement could be another point of concern. From a development bank's perspective, delays in submission of claims for reimbursement reduce the efficiency of its own cash management and also affects its income. Delays in claims for disbursement should also be a concern for clients because of the cash flow difficulties which can ensue. There are often many parties directly or indirectly affected by a project. This makes them interested parties whose support needs to be maintained or whose objections need to be managed if implementation is to proceed smoothly and efficiently. Ensuring that communication lines are open to interested parties thus becomes a matter to which project managers must attend.

It should not be imagined for one instant that all of these responsibilities can be effectively discharged by on e project manager. Depending on the size of the project, there is usually justification for implementation items. Furthermore, it often makes sense to have a non-implementation team whose functions are to guide and monitor project implementation, do most of the networking with interested parties, address problems outside the authority and capacity of project managers, and even crack the whip on contractors and suppliers.

THE CDB WORKSHOP

The CDB Workshop which participants have just completed was carefully designed to equip them with the skills and understanding required to function more effectively and efficiently in project implementation and management. I have no doubt that the participants will encounter some or all of the kinds of difficulties I identified a short while ago and that they are better prepared to deal with them as a consequence of their participation in this training workshop.

I commend the Tobago House of Assembly and the Ministry of Planning and Development, the Government of the Republic of Trinidad and Tobago for taking this initiative of human resource capacity-building. It should benefit Tobago; it should benefit the entire nation. The support of Mr. Orville London, the Chief Secretary, Dr. Anselm London, Secretary, Finance and Planning in the Tobago House of Assembly, and the support of Mrs.Victoria Mendez Charles, Permanent Secretary, Ministry of Planning and Development is particularly appreciated. I wish to thank Mr. Garth Taylor, Mr. Carlson Gough, Director of Projects, Miss Jennifer Fletcher and Mrs. Marcia Brathwaite, Workshop Administrators, and all the staff of the CDB who contributed to the training modules.

In conclusion, I congratulate you, the participants, on the successful completion of what I understand to be a demanding three week workshop and wish you every success in your future endeavours.

KEYNOTE ADDRESS

at the

OFFICIAL OPENING

of the

SECOND PHASE OF THE SOUTHERN HIGHWAY DEVELOPMENT PROJECT

SAN FERNANDO

REPUBLIC OF TRINIDAD AND TOBAGO

by

DR. COMPTON BOURNE, O.E.

PRESIDENT

CARIBBEAN DEVELOPMENT BANK

SEPTEMBER 2, 2003

SECOND PHASE OF THE SOUTHERN HIGHWAY DEVELOPMENT PROEJCT
SAN FERNANDO
REPUBLIC OF TRINIDAD AND TOBAGO

Hon. Patrick Manning, Prime Minister of the Republic of Trinidad and Tobago, Hon. Franklyn Khan, Minister of Works and Transport, other members of Government other Dignitaries, Ladies and Gentlemen:

It gives me great pleasure to participate in the Opening of the Second Phase of the Southern Highway Development Project.

In 1994, the Government of the Republic of Trinidad and Tobago approached the CDB for assistance in financing the implementation of this project. The project, as it was then conceived and designed, consisted of:

(a) dualling of the southern 600 metres of the San Fernando Bypass road;

(b) construction of a new traffic management interchange to replace the Cross Crossing Roundabout;

(c) construction of a 3.5 km long four-lane extension of the Sir Solomon Hochoy Highway;

(d) construction of a 2.6 km long connector road linking the San Fernando Bypass to the Sir Solomon Hochoy Highway;

(e) land acquisition and squatter relocation; and

(f) engineering and project management services.

The First Phase of the Project was substantially completed and officially opened on October 16, 2000 and I am pleased to report that my predecessor Sir Neville Nicholls officially represented CDB in that ceremony.

The genesis of this Project goes back to the latter part of 1994 when the Government of the Republic of Trinidad and Tobago approached the Bank for financial assistance. CDB responded quickly, appraising the project and approving a loan to the Government of the Republic of Trinidad and Tobago in the amount of US$17.5 mn. The speed and decisiveness of the Bank's approval was recognition that the Government of the Republic of Trinidad and Tobago accorded high priority to a project which had objectives that were consistent with the country's development strategies and with those of CDB. A second loan in the amount of US$17.44 mn was considered and approved by CDB's Board of Directors in July 1998, bringing CDB's funding for this project to a total of US$34.9 mn. Some delays which related mainly to the relocation of squatters were experienced during the initial implementation of the Project.

However, construction work on the first phase of the project commenced in January 1998 and was completed in October 2000. That phase included work on the traffic management interchange, as well as the dualling of the San Fernando Bypass.

In January 2001, work commenced on the Second Phase of the Project and it is the completion of that phase which has resulted in our attendance at this opening ceremony today.

The Republic of Trinidad and Tobago is one of CDB's largest shareholders and through its energetic membership on the Board of Directors, contributes substantially to the overall strategic direction and management of the Bank. CDB is always prepared to assist with the country's development projects through provision of technical assistance and financial resources. Since its inception, the Bank has approved loans totalling US$164 mn to the Republic of Trinidad and Tobago. Of this total, US$28 mn have been to the country's private sector, while US$136 mn have been provided for public sector projects. A total of US$117 mn of the loans has been disbursed on these projects to date.

This project is consistent with two of CDB's main strategic objectives. Firstly, construction of this highway helps to strengthen and modernise the transportation infrastructure of the Republic of Trinidad and Tobago. This in turn will contribute to the fostering of more rapid economic growth. Secondly, the component of the project which has provided for the relocation of squatters, helps to broaden access for both the urban and the rural poor to good quality community-based infrastructure by the relocation of the poor people from squalid conditions to a subdivision complete with paved roadways and utilities. That particular intervention helps to reduce poverty and improve the status of the most vulnerable in Trinidad and Tobago.

We in the Bank are mindful of the fact that despite the country's standing as a middle income developing country, there are significant segments of the population for whom poverty reduction and improvement in the quality of life are objectives to be pursued urgently and in a focused manner. The Bank is providing substantial assistance to many of its regional member countries in these regards and we are prepared to explore with the Government of the Republic of Trinidad and Tobago similar involvement in this country's efforts at poverty reduction.

The Bank is aware that the completion of the Sir Solomon Hochoy Highway Extension does not signal the end of Government's plans for improvement in the country's road infrastructure and that already attention is being devoted to the planning of other projects in southern and eastern Trinidad. As with the Sir Solomon Hochoy Highway Extension, the Government of the Republic of Trinidad and Tobago will find CDB a ready and willing partner.

Given my own previous involvement in higher education, I have noted with unqualified approval that expansion and improvement in the education and training infrastructure is also one of the Government's priorities. CDB has also been active in this field, having assisted in the financing of the University of the West Indies Distance Education development programme and is currently preparing to finance the development of Jamaica's University of Technology. Here in the Republic of Trinidad and Tobago, the Bank has financed capital development in the Trinidad and Tobago Institute of Technology which graduated its first class a few weeks ago and we are financing the feasibility study for the College of Science, Technology and Applied Arts of Trinidad and Tobago (COSTAATT). We would be happy to explore participation in the financing of the University of Trinidad and Tobago.

Returning to present matters, Chairman of Proceedings, I have been advised by CDB staff responsible for supervising the implementation of the project on behalf of the Bank, that the management of the project, as well as the supervision services provided by the engineering consultants have been of the highest standard.

On behalf of the Management and staff of CDB, I wish to offer congratulations to the Government and People of the Republic of Trinidad and Tobago for this signal achievement. I also wish to take this opportunity to remind you that CDB will continue to partner its borrowing member countries including the Republic of Trinidad and Tobago in finance and development programmes and projects which enhance their growth and economic stability.

Thank you very much.

STATEMENT

by

DR. COMPTON BOURNE, O.E.

PRESIDENT

CARIBBEAN DEVELOPMENT BANK

at the

OPENING SESSION

of the

CARIBBEAN COMMUNITY THIRTIETH ANNIVERSARY CONFERENCE

KINGSTON, JAMAICA

OCTOBER 17, 2003

OPENING SESSI0N OF THE CARICOM 30^TH ANNIVERSARY CONFERENCE, UNIVERSITY OF THE WEST INDIES, MONA, KINGSTON, JAMAICA, OCTOBER 17, 2003

I am pleased to be able to speak on behalf of CDB at this Opening Session of the CARICOM 30th Anniversary Conference. I shall obey the organisers' injunction of brevity.

The theme of the Conference is "**Regional Governance and Integrated Development**," each element of which is interesting in its own right but the justa-positioning of which raises intriguing possibilities.

Regional governance has recently become the subject of quite intensive examination among political leaders and other professionals in the Community. This is so not because it is new or because there is a void but essentially because of the view which has gained currency that current arrangements for the governance of Caribbean integration have become inadequate for the efficient management of regional affairs, especially in the context of the deeper and wider integration now envisaged. From this perspective, the concerns about regional governance are concerns about quality of decision-making, speed of decision-making, judicial and other non-confrontational means of dispute resolution, reconciliation of national interests and formulation of regional policies viz a viz non-regional countries. However, this cannot be all that regional governance is about.

Integrated development as an objective extends the scope of regional governance. The CSME posits as a goal the creation of integrated factor markets and integrated markets for final products with an intrinsic market dynamic for integrated production. Given unfettered geographical mobility of factors of production and of goods and services, profit-seeking enterprises will exploit opportunities for regionally integrated production in the sense of region-wide sourcing of production inputs. However, they will not necessarily geographically diversify location of production. Indeed, the experience of regional integration and market integration elsewhere in the world points to geographical concentration of economic activity as a strong consequence of market forces. The concomitant of such geographical concentrations of economic activity is intra-regional inequality of incomes and material welfare, worse, sometimes, some sub-regions deteriorate. At the very least, integrated development must mean that all parts of the region develop over some reasonable interval of time. Zero-sum outcomes are unacceptable in viable economic unions.

Regional partners, however, usually go beyond de minibus condition of positive-sum outcomes to call for equitable economic growth, that is, to raise as a central consideration not only the issue of mutuality of benefits but also the issue of tolerable difference in the distribution of benefits. Given market integration and distributional issues, the scope of regional governance must be extended to deal with trans-border economic transaction, including migration, and with institutional arrangements for promoting equity among regional partners.

There is another point which should be made about the scope – or more properly called the underlying philosophy of regional governance – in the Caribbean Community. It is this: our CARICOM standard. A pervasive democratic tradition, universal respect for the rule of law and for the institutions of an independent judiciary and a long proud history of the pursuit of essential freedoms and rights by Caribbean peoples combine to give confidence that not only would our regional governance arrangements embrace the ideal, but that our publics would not settle for less.

Governance is not just a matter of laws, rules, regulations, and the creation of institutions. Institutional capacity is critical – capacity to identify and analyse issues, capacity to make decisions and capacity to act. The political will to create the requisite institutional capacity exists but Caribbean society too often underestimates the difficulty of capacity building. CDB devotes much of its efforts and a significant proportion of its financial resources to building and strengthening institutional capacity in the Caribbean Community countries. Its interventions support governments, education and training institutions, the business sector and non-governmental organisations. The Bank's most challenging effort at present is the establishment CCJ. As is readily appreciated, the CCJ is one of the pillars of the governance system for the CSME. CDB has been working assiduously with governments and the CARICOM Secretariat to ensure that it becomes a reality.

The Bank itself also plays an important role in addressing the regional equity concerns touched on earlier in this presentation. From its inception, CDB has been mandated to pay special attention to the needs of its lesser developed member countries and over time has interpreted that mandate to include regional countries which were not initially so classified. This role will no doubt become even stronger as the CSME protocols dealing with differential impact and uneven economic development come into effect.

The organisers of this Conference have put together a well-structured programme with an array of experts which allow for ample discussion of the many facets of regional governance and integrated development. I believe we can look forward to a productive and enlightening experience.

Thank you.

FEATURE ADDRESS

by

DR. COMPTON BOURNE, O.E.

PRESIDENT

CARIBBEAN DEVELOPMENT BANK

at the

GRADUATION BANQUET

of the

CENTRE FOR MANAGEMENT DEVELOPMENT/UNIVERSITY OF THE WEST INDIES

SAVANNAH HOTEL

OCTOBER 24, 2003

CENTRE FOR MANAGEMENT DEVELOPMENT/UNIVERSITY OF THE WEST INDIES GRADUATION BANQUET AT THE SAVANNAH HOTEL, OCTOBER 24, 2003

Let me begin by offering heartfelt congratulations to all the graduates of the Centre for Management Development, its Director and Faculty and other members of staff, and, of course, to the relatives and close friends of the graduates. The academic success of tonight's graduates is the result of collective effort and support and it is right that we acknowledge that fact. This does not in any way diminish the enormity of your own efforts and sacrifice.

Somerset Maughan said that "It is a great nuisance that knowledge can only be acquired by hard work." I am sure that some of you will agree with him, but I have to tell you that hard work of knowledge acquisition is never done. The stock of what you know now must be increased; new knowledge must be acquired and some old knowledge must be archived. The formal studies you have just completed is the beginning, not the end. It is said that a little learning is a dangerous thing, but only to the person who mistakes it for a lot. No one here would want to do so. That is one reason for you to adopt a life long learning approach. A second reason is the fact of pervasive change and the rapidity of change in the environment within which we work. In a world of change, management knowledge cannot be a fixed stock of ideas, concepts and facts which once learnt become valid and valued in perpetuity. Sure enough many technical aspects of what constitutes management education will evolve slowly, but no less true the context of management will change and is changing rapidly. New products, new industries, new forms of corporate organisations , new political, social and economic configurations, new geo-political realities, new global arrangements for trade and finance: all these will ensure that what you know today is a little of what you must know to succeed in tomorrow's world.

A literary critic William Hazlitt once said "The great requisite for the prosperous management of ordinary business is the want of imagination." I do not know about that, but let me tell you a story. A senior academic colleague once encountered a classmate he had not seen since high school days. The classmate, call him Joe, was delighted to see his academic colleague Anthony. "Tony, man, it's great to see you. What do you do now?' Anthony, with due modesty had to be pressed into disclosing that he was now a Professor of Economics. "Tony, I am happy for you, but not surprised, you were always bright at mathematics," said Joe. Anthony then enquired about Joe's current situation. Joe answered: "Well, you know, Tony, I was never bright at school. No good at mathematics. I just do some buying and selling, making a 10 per cent. I buy at \$1 and sell at \$10." This story tells us something about the need for mathematics in business in an era of fair trade and also about why the realisation of profits is not necessarily a reflection of management knowledge and skills.

Management should, of course, not be limited to profits situation. It has a place among not-for-profit organizations and within government. Someone said that "any fool can run the world, but it takes an intelligent man to run his own business." I hasten to say that this statement predated the election of the current leaders of any superpower. With that disclaimer, what I wouild like to stress is the imperative of good management in the affairs of State. The quality of governance is greatly dependent upon the degree to which management principles are utilised in policy formulation, in the development of plans, in their implementation, and in conceptualising and operationalising the interface between political decision makers and their many publics.

Government needs good management no less than business enterprises do. It is important that management graduates be welcomed into government and that they perceive the government sector as a professionally and financially worthwhile sphere of activity for themselves. It is also important that public sector managers continue to learn. In two studies of the reading habits of senior civil servants in the Caribbean – studies done within a ten-year interval between them – Gladstone Mills and his co-authors found that a high proportion of their sample never read a journal or book in a year. The last study was done in the 1970s. Hopefully, habits have changed, facilitated by the worldwide web.

The great British Statesman Benjamin Disraeli (1804-1881) said: " There is nothing so exhausting as the management of men, except the management of women." Disraeli of course, was referring to the business of government. He might have been unduly influenced by personal experiences, for Disraeli, who was not popular with men but much sought after by hostesses, in 1833 at age 29 acquired a fashionable mistress, Henrietta, wife of Sir Francis Sykes. It is said that the liaison proved to be exhausting, time-consuming and expensive. Being of a world in which women are disenfranchised, he could phrase his opinion in a way that is not politically correct and realistic today. Women are very much present in management. Women manage men. It is estimated that women own 38% of American's businesses. Paradoxically, they are less well represented in management careers, particularly at the top. A survey by Catalyst, a research and advisory organisation, committed to advancing women in business, found that in 2002 women held only 15% of Fortune 500 corporate officers positions and 1% of Fortune 500 chief executive officers (CEOs). The reasons for this demographic under-representation have yet to be firmly established.

"Lack of general management or line experience is the primary obstacle cited by 79% of women and 90% of CEOs," according to Catalyst which goes on to state that "a clear majority of female executives surveyed cite numerous barriers: exclusion from informal networks, stereotyping, lack of mentoring, shortage of role models, commitment to personal or family responsibility, lack of accountability on the part of senior leadership, and limited opportunities for visibility." Other studies suggest that women are less work-centred than men, that they are less aggressively competitive than men, and that they are less prone to negotiate.

As I survey the sex demographics of this year's graduates, I cannot help wondering how will the women progress in their careers? Are the United States and the United Kingdom situations replicated here in the Caribbean? Are there major barriers to women in management and will the men in their cohort of graduates work with them to remove those obstacles or will those men become part of the problem? Time will tell, but it is up to you, all of you, to determine what story time tells.

I wish to conclude by reiterating my congratulations to the graduates. May each of you have long, successful and happy lives.

ADDRESS

by

DR. COMPTON BOURNE, O.E.

PRESIDENT

CARIBBEAN DEVELOPMENT BANK

to the

UNIVERSITY OF GUYANA-CLARK ATLANTA UNIVERSITY INTERNATIONAL CONFERENCE ON GOVERNANCE, CONFLICT ANALYSIS AND CONFLICT RESOLUTION

GEORGETOWN, GUYANA

FEBRUARY 4, 2004

ADDRESS TO THE UNIVERSITY OF GUYANA- CLARK ATLANTA UNIVERSITY INTERNATIONAL CONFERENCE ON GOVERNANCE, CONFLICT ANALYSIS AND CONFLICT RESOLUTION

ADDRESS

CDB is pleased to be one of the sponsors of this highly important and we hope successful International Conference on Governance, Conflict Analysis and Conflict Resolution organised by the University of Guyana and Clark Atlanta University. When approached early last year, we not only readily agreed in principle, but encouraged our development partners to do likewise.

We have done so in keeping with our policy of institutional strengthening of knowledge institutions in the Bank's borrowing member countries (BMCs). In our view, this Conference and the research and training programmes intrinsically linked to it have the potential for making the University of Guyana a more effective institution for human resource development in Guyana. As President Jagdeo noted last Friday evening in an address at the University of Guyana, the CDB will soon participate in other institutional strengthening activities at the University. Furthermore, the support for this Conference is yet another instance of its long-standing tradition of supporting conferences, seminars and workshops as a means of fostering the development of intellectual capacity and dissemination of knowledge on major issues pertinent to economic growth, socio-economic development and poverty reduction in BMCs. There are two rather more cogent reasons.

One of these reasons is the central importance the Bank attaches to the quality of governance in strategies for socio-economic development and poverty reduction in Caribbean countries. The quality of governance is an influence on the effectiveness of investment and other development interventions. In this regard, it is an important enabling factor. The manifestation of good governance in terms of political freedoms, human rights, and participatory decision-making systems is also seen as a laudable development objective in its own right.

In 2001, the Bank prepared a Policy Paper on Governance and Institutional Development. The Bank's Paper defines governance as "the process by which power and authority are shared and exercised in society, and influence exercised over policies and decisions concerning human development and well being". It goes further to define good governance as "governance which emphasises equitable, efficient and responsible management of public and corporate resources for the benefit of all stakeholders." It is the Bank's view that good governance can assist in eradicating poverty by improving the access of the poor to services, by facilitating and promoting growth and expansion of income-earning opportunities, by promoting sound and equitable resource allocation, by encouraging stakeholders to participate in the decision-making process and in the implementation of policies, programmes and projects, and by fostering tolerance of diversity and respect for human rights.

Governance criteria are explicitly incorporated in all the Bank's lending programmes and technical assistance activities, including those focussed on poverty reduction.

The second additional reason is the Bank's mandate to promote growth and development. It is evident that towards the end of the last decade and early in the current decade economic performance weakened in several CARICOM countries in contrast to the buoyancy exhibited during most of the 1990s. Also evident is a rise in social conflict of varying forms, scope and intensity in some countries. Some observers would be inclined to find a partial explanation of economic underperformance in the existence of such social conflicts.

Indeed, there is an emerging body of professional literature based on global experiences which identifies social conflict as an influence on economic growth and development. That literature deals with conflicts within communities and between communities, between State and citizens, and between States. It deals with conflicts involving little violence as well as with conflicts which result in major violence and serious social disruption.

There are strong priority reasons for expecting that social conflict, especially violent conflict would retard economic growth and development. There are several avenues of influence. **First**, social conflict can result in loss of human resources through death, incapacitation, alienation and emigration. **Second**, there can be a consequential under-utilisation of human resources through unemployment and discriminatory employment practices. **Third**, there can be productivity losses caused by "forced" allocation of time, including that of the political directorate and public officials, to security and safety instead of to directly productive activities. **Fourth**, there can also be a diversion of scarce economic resources to activities which improve safety and security. **Fifth**, violent social conflict often results in loss of physical capital through acts of criminal destruction. **Sixth**, social and political instability deter foreign investment and may even cause foreign aid flows to diminish. **Seventh**, social conflict is inimical to the formation of social capital, defined as those "features of social organisations, such as trust, norms and networks that can improve the efficiency of a society by facilitating coordinated actions."

There is no shortage of theoretical explorations for the emergence and intensification of social conflicts in many countries across the globe. Some of the factors identified include inequality of income and wealth between ethnic groups or between rural and non-rural communities, religious differences, corruption which corrodes rules-based institutions and gives rise to discriminatory allocation of economic resources, and even the role of informal groups which has in some situations been a source for conflict rather than a source for conflict resolution.

It is imperative that careful, objective analytical attention be given to the nature, causes and dynamics of social conflict and to means of conflict management and peaceful resolution. It is also critical that one draws upon the variety of experiences from the many countries of the world as well as upon the research findings and policy recommendations of scholars who have given much thought to these matters. This is one of the principal justifications of this International Conference. The organisers are to be commended for assembling an array of experts from the international academic community and persons well versed in international diplomacy to engage Caribbean-based scholars in a collective exploration of this topic of major social importance. It is worth noting that it is not the first of its kind. The United Nations University World Institute of Development Economic Research in 2003 organised a special publication on Conflict embodying the results of a research programme financed by the governments of Denmark, Finland, Italy, Norway, Sweden and the United Kingdom.

Social conflict and means of its management and resolution is a topic of legitimate academic and professional enquiry, however uncomfortable the subject matter is to members of societies in conflict. Objective and open analysis and study of social conflict is a step forward towards its resolution rather than acts of inflamatory conduct. It should be readily appreciated that the peaceful resolution of social conflict may be frustrated by articulation of extremist, antagonistic positions and views or may be `facilitated by expressions of moderate, conciliatory or compromise-seeking behaviour and views. This places an obligation on those who participate in this International Conference to ensure that the content and tone of their expositions are consistent with the laudatory objectives of the Conference organisers.

It is my hope, and that of CDB, that this University of Guyana – Clark Atlanta University International Conference on Governance, Conflict Analysis and Conflict Resolution will establish a point of transition for societies whose socio-economic development is handicapped by severe social conflict.

Thank you.

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