

PUTTING POLICIES INTO PRACTICE

**Statement by
Sir Neville Nicholls, President
Caribbean Development Bank
to the Board of Governors
At the Twenty-Fourth Annual Meeting
Held at
Ramada Royal Reef Hotel
Belize City, Belize
May 11 and 12, 1994**

TABLE OF CONTENTS

1. [OPENING REMARKS](#)
2. [ANNUAL REPORT AND CDB'S PERFORMANCE DURING 1993](#)

[BMCs' Performance](#)
[Some Specifics on CDB](#)

3. [PUTTING POLICIES INTO PRACTICE](#)

[Appropriate Policy Objectives](#)
[Effective Implementation](#)
[Institutional Framework](#)
[Timeliness and Persistence](#)

4. [CONCLUSION](#)

1. **OPENING REMARKS**

Mr. Chairman, Honourable Prime Minister of Belize, Distinguished Governors, Members of the Board of Directors, Members of the National Assembly of Belize, Members of the Diplomatic Corps, Observers, Guests, Vice-Presidents and other members of Staff of the Caribbean Development Bank, Ladies and Gentlemen:

As I address this Annual Meeting for the seventh year, may I also remark on the warm and enthusiastic welcome which we received on our arrival in this country, and on the delightful surroundings which Belize has ensured for our assembly. I

offer my congratulations and appreciation to the Government and People of Belize for these efficient preparations and for the abundance of their hospitality.

Mr. Chairman, the excellent facilities available for the accommodation of participants, the modern communications infrastructure which links participants, while here, with their respective capitals and will allow many of them to experience other areas of the country - all of these things, and more, are indicative of the remarkable progress which Belize has made in recent decades.

Belize occupies a very strategic position geographically and culturally, shares a border and very close friendship with member country Mexico, and has been a most important link - essentially through its languages and commercial relationships - between the Caribbean archipelago and the land mass of Central America. Indeed, Mr. Chairman, the Philip S.W. Goldson International Airport is a good example of what Belizean/Mexican/Caribbean Development Bank (CDB) cooperation can accomplish. The cooperation was even more international than that because it also involved financing and construction services bilaterally from the United Kingdom as well as from the OPEC Fund. Belize's strategic location is likely to be of even greater significance as we in this part of the hemisphere continue the efforts to give meaning to our aspirations towards establishing an Association of Caribbean States which would incorporate a number of Caribbean, South and Central American nations.

As a founding member of our Bank, Belize has borne its full share of the responsibilities within our Boards, in the very important process of formulating and developing policies relevant to the needs of our total membership, and in the mobilisation of resources.

In turn, Belize has involved the CDB substantially in its development activities and human resource training requirements. I am happy to say that the aggregate CDB financing in this process is approximately US\$80 million (mn). That was until Monday of this week when our Board of Directors approved an additional loan of US\$2 mn towards a capital project to improve the supply of potable water and sewerage system at San Pedro, which has been developing very encouragingly as an important tourism destination. These resources have been extended to several sectors - agriculture, industry, road, sea and air transportation, power, water and sewerage, housing, and other areas of activity, including the very beneficial poverty-reduction programme, the Basic Needs Trust Fund Programme.

Mr. Chairman, I am confident that there is much more which CDB and Belize shall be doing together to accelerate the development thrust in this country. And to those of our participants who will seize the opportunity to go and see, I say in all sincerity, there is much about Belize that you will love. Indeed, you may even wish to enjoy such delights more fully through other visits well before we convene again for a future Annual Meeting of the Board of Governors.

Mr. Chairman, since our last meeting in Barbados a year ago, your country, Belize, has become a member of the Inter-American Development Bank (IDB). In many ways this is an historic achievement for which I am very pleased to congratulate Belize.

In this context also, Mr. Chairman, I am sure that you will all be glad to learn that, in the agreement which was reached for the replenishment of IDB's resources at its Governors' Meeting held in Guadalajara, Mexico, last month, special mention was made of the allocation of IDB's resources (including concessionary resources) through CDB to those members of CDB which are not members of the IDB. This is a most important development in IDB/CDB relations which could not have been achieved without the untiring efforts of the Caribbean Governors of IDB's Board, Director and Alternate Director, President Iglesias and other members of IDB's Senior Management. Canada's support in this area was also crucial.

2. ANNUAL REPORT AND CDB'S PERFORMANCE DURING 1993

Mr. Chairman, I now present a very brief summary of economic performance in the Region as well as on CDB's operations last year.

BMCs' Performance

By and large, economic performance in 1993 was below projections in the Borrowing Member Countries (BMCs), but not to such an extent as to warrant discouragement in the Region; for while the total picture shows real growth of Gross Domestic Product to be generally, low, there were several of the BMCs whose performances could be rated as quite good, with the best of them recording a rise of 8.3%. And, of course, towards the end of the year, there were strong indications that major economies in the industrialised world were pulling out of recession, which positive change is expected in time to feed through to the regional economies by way of increased tourism, improved trading opportunities, and perhaps improved commodity prices.

Some of the factors which restrained BMC growth in 1993 included declines in production and exports of commodities such as sugar and bananas, which additionally suffered from unfavourable currency movements. In some countries there was a reduction in manufacturing output due to recessionary conditions in the major export market. The durability of banana marketing arrangements continued to be in doubt throughout the year. True enough, there were assurances from the European Union as to its firm commitment under the Lomé Convention, but the year nevertheless also raised further uncertainty as to whether this

commitment could be sustained in the face of the apparently contrary requirements under the Uruguay Round of the General Agreement on Tariffs and Trade.

Mr. Chairman, one of the negative consequences of the generally weak economic performance in the Region was continued high unemployment which, in the language of the Annual Report, contributed to some degree of dysfunctional social behaviour in a number of countries. I come back to the point that the first President of this Bank made two decades ago, when our unemployment situation again seemed unsustainable. He said at that time, and I quote: "no one of us deserves happiness while this conditions lasts". For the benefit of all of us and the continued tranquility of this Region, we have to take measures to correct this situation. Once we do our best to implement the appropriate policy measures, about which I have more to say later, I am sure our traditional friends will play their usual part in offering appropriate assistance.

Some Specifics on CDB

On the face of it, Mr. Chairman, CDB's operating returns in 1993 were lower than in the previous year. Net income from CDB's ordinary operations declined from US\$13.6 mn to US\$12.8 mn. However, the point needs to be made that part of the reason was a reduction during the year of 80 basis points in the interest rate on loans approved since April 1984 from the Ordinary Capital Resources, which assists in reducing the debt service burden on our borrowers. A decision was also taken by CDB last year to retain that lower rate of 7.5% at least throughout the first half of 1994.

Gross approvals of loans, contingent loans and grants in 1993 were US\$92.9 mn, or 6.6% down from the US\$99.5 mn achieved in 1992.

Disbursements fell significantly - from US\$60.9 mn in 1992 to US\$48.3 mn - as BMCs experienced implementation problems and in some cases had difficulty in providing the necessary counterpart funds to CDB's financing. I shall return to this later.

Mr. Chairman, towards the end of 1993, some streamlining was carried out within CDB, especially in the Projects Department, to sharpen the Bank's focus and improve the efficiency of its service to the member countries. Greater emphasis is now being placed on the social sectors, including the development of human resources, and the project preparation activities now reflect more pointedly the importance being given to the protection and enhancement of the environment.

CDB recognises the difficulties faced by many BMCs in finding the requisite counterpart contributions and, generally, in implementing projects as scheduled.

CDB will continue to do all it can to assist in minimising these difficulties, and has already put in place measures for closer supervision and increased project quality control, so that problems can be detected much earlier and corrective action taken.

Mr. Chairman, I now move on to the main theme of my address, which is captioned "**Putting Policies Into Practice**", but let me say, at the outset, that I am not implying that many of our countries are not already implementing sound economic policies.

3. **PUTTING POLICIES INTO PRACTICE**

My role as President of the Caribbean Development Bank obligates me, to try to assist in the formulation of regional perspectives that will not only identify bottlenecks to be avoided but also to pinpoint opportunities for pursuit of the Region's development.

Indeed, over the past several years, during which I have had both the privilege and the pleasure of addressing the Bank's Board of Governors, I have taken the opportunity to deliberate on some major concerns and issues that challenged the minds of all those concerned with development of the Caribbean Region

Today, as a way of taking stock of where I think we are as a Region, I wish, as a starting point, to recall briefly the themes of my earlier addresses which, as it happens, were all about appropriate economic policies.

In [1988](#), I drew attention to the critical role that tourism was playing in the growth of many of the economies of the region; and I urged the adoption of strategies to ensure maximisation of its contribution to regional development.

Next, I advocated pursuit of strategies which would improve the capacities of regional economies to compete internationally. "[Enhancing Competitiveness](#)", it was suggested, must be a major objective of our efforts at structural transformation.

My [1990 address](#) highlighted major lessons to be learned from the economic experiences of the 1980s; and at [Merida the following year](#), the opportunity was taken to explore the scope for enhancing cooperation among the wider Caribbean, that is, CARICOM and beyond.

The [1992 statement](#) reflected the view that the Caribbean was at a crossroad and faced concurrently a barrage of threats and a series of challenges; it made suggestions on the way forward in terms of the range of policy choices that faced us.

And [last year](#), I examined the progress made towards economic development in the region and raised questions about the extent to which such "development" is sustainable. The major point that I sought to emphasise then was that our approach to the development issue must necessarily be a multi-faceted, multi-disciplinary one, fully recognising that our value systems and the capacity of our institutions are key determinants of the degree of success that will accompany our development efforts.

All of these issues are inter-linked. More significantly, they bring into focus the importance of the quality and effectiveness of our institutions in the process of activating those concepts, ideas, and policies that we have determined should guide us into the future. We may have spent a long time, some say an inordinately long time, in getting the policy fundamentals right, but I am sure, Mr. Chairman, we will all agree that we have to work a little harder in putting them into practice, bearing in mind that successful implementation ultimately requires negotiation and consensus.

Mr. Chairman, I sincerely believe that today, in this Region, there is a greater awareness of, and perhaps even consensus on, the kind of policies to be pursued if sustainable development is to be achieved.

Let me sketch a background of where I think we are.

For a long time, our major export commodities enjoyed preferences in segments of the international markets. The consideration for such preferences, we must admit, was sometimes outside the realm of market forces or economic imperatives. For some time too, we sought to build our economic capacity by concentrating our efforts almost exclusively on development and protection of domestic and regional markets. At the same time, fortunately, the international flow of financial resources to us, both by way of aid and loans, was sufficiently steady to assist our steps along the tortuous development path.

However, the winds of change have been gusting ominously in the international economic and institutional environment for some time now. Hence, we are faced with the implications for us of the increasing process of international trade liberalisation and the creation of trade mego-blocs having a serious negative impact on the levels of investments from and export to those countries and regions. Specifically, all indications are that protected market access for some of our key products will inevitably give way to an international trading regime driven more by the forces of competition. And in all of this, the prospect of aid flows - even at past levels - is dim; perhaps resulting from perceptions of a reduced geopolitical significance of the Region as well as from the redirection of international aid flows to other regions.

My view of the future, however, contains more than a ray of hope, because there are tremendous opportunities to be grasped from the present situation. In fact,

guided by the advice of an old proverb that "those in difficulty should first seek to light a candle rather than curse the darkness", I am suggesting that we have laboured long and hard on the task of determining appropriate policies; and that we cannot direct enough, let alone too much, effort towards effective implementation. Much depends on the extent to which we foreclose on our alternatives and thus retain some degree of flexibility in what could otherwise turn out to be continually shifting targets and merely flickering lights. Much depends too on the efficacy and efficiency of the institutional framework through which policies are put into effect.

Appropriate Policy Objectives

What then are some of those policy objectives to which I have been referring and which I am suggesting have generally been pronounced as acceptable of the Caribbean's development agenda? I wish to mention five closely interconnected ones which many countries in the Region have already begun to implement:

- a. Export Orientation and Competitiveness - Given the small size of the domestic and regional economies and their structural openness, the thrust of economic development policy is being directed towards production for export. In an environment of increasing trade liberalisation, keeping the economy cost-effective and export competitive is extremely crucial if regional economies are to effectively penetrate extra-regional markets on a sustained basis. There is a close relationship between export competitiveness and increased productivity.
- b. Monetary 'Prudence' - Policies directed at export competitiveness automatically imply what I wish to call 'Monetary Prudence'. This is related to traditional monetary policy which, in this context, stresses the establishment of effective mechanisms for, on the one hand, mobilising and protecting the value of domestic savings and, on the other hand, efficiently allocating such resources, with emphasis on investments in the productive sector and in export activities. The success of this thrust hinges on the confidence in the domestic economy which such policies are able to evoke amongst potential savers and investors; and require, inter alia, strong prudential regulation and supervision of institutions which mobilise savings; positive and real rates of interest; and the provision of a variety of avenues for savings and investments to occur.
- c. Prudent Monetary Policy in our Region automatically implies an Efficient Fiscal Arrangement - A major goal of governments is the mobilisation of sufficient resources to provide an adequate level of social and economic services as cost-effectively as possible. The emphasis is, therefore, on fiscal prudence and public sector efficiency, with public sector enterprises being encouraged increasingly to structure their operations in such a way as to ensure their viability, and to reduce their reliance on financial

support from Central Government. Divestment of some public sector assets has also been emerging as a central theme of the public sector's ongoing quest to improve operational efficiency while, at the same time, sending a positive signal about the major role that the Government desires the private sector to assume in the development process. These are doubled with other initiatives to rationalise expenditure via, for example, establishing a relationship between wages and productivity, and to improve the efficiency of tax administration.

- d. The rapid changes that I said are taking place in the global economy require that we move beyond a concern with only monetary prudence and fiscal efficiency into one involving Human Development. These policies are concerned with the steady enhancement of the capabilities of the domestic population, the generation of knowledge, the ability to assimilate and create technology, and the creation of mechanisms and systems which allow each resident of a country adequate access to essential social services.
- e. The preceding four policies will enable us to pursue a fifth, namely, Economic Diversification. This is another important goal that we have set ourselves. It promises reduced economic vulnerability for those countries that rely heavily on one or a few products or services and, by providing new and viable opportunities, broadens the scope for earning and conserving foreign exchange.

Effective Implementation

It is not enough that the policies are articulated and pronounced. Appropriate policies are not derived merely from theoretical analysis. Rather, policy makers know only too well that they must necessarily be rooted in pragmatic analysis and synthesis of existing empirical circumstances and informed by continuous feedback.

In a sense, policies may be seen as analogous to a detailed map outlining the route of a journey. Institutions are the means or the vehicle through which the journey is effected.

Mr. Chairman, today I am therefore drawing attention to the need to ensure the efficacy and efficiency of the institutions through which the identified policies are to be implemented in the Caribbean Region. I do so because of my firm belief that the correct mix of policies coupled with vibrancy in our institutions (including non-economic factors) will enable us to overcome the difficulties posed by the turbulent and changing economic situation which we now face. And in passing, let me comment again that already, the economic situation threatens the social stability which characterises our countries and which itself is a prerequisite for economic recovery and prosperity by our fragile economies.

In some cases, improvement in the institutional capacity to implement and monitor adjustment programmes effectively is itself one of the outcomes sought from the adjustment process. However, even where implementation is possible without major institutional refurbishment, it must be pursued expeditiously. And where implementation is only possible after adjustment and refurbishment of the institutional infrastructure, then such refurbishment cannot be undertaken too soon. CDB has, for a long time, recognised the importance of institutional strengthening and has used its technical assistance facility to promote such a process. But even so, it is clear that we must continue to focus not only on project financing but also on technical assistance for institutional strengthening.

Institutional Framework

Mr. Chairman, I think it is generally accepted that the process of economic development depends to a large extent on a society's capacity to economise, increase knowledge and accumulate capital. If we examine the previously stated policy objectives, we see that they embody guidelines which we have determined are necessary in the present circumstances for doing those three things (i.e. economising, increasing knowledge and accumulating capital).

Mr. Chairman, I will use the term institutional framework to refer to the sum total of institutions, values and patterns of behaviour through which a society organises its economic activity; and in this context, an institution may be a practice, a relationship or an organisation. I am suggesting that the nature and responsiveness of the institutional framework play a major role in determining how effectively any given set of policies will be implemented. I will also be looking at some of those institutions in terms of how well geared they are to assisting the process on which we have embarked of seeking higher levels of economic activity, increasing knowledge and accumulating capital.

Mr. Chairman, I now wish to look at two major elements of our institutional framework:

- f. public administration; and
- g. the business environment

Public Administration

As I understand it, the policy objective in the area of public administration is to provide the required level of social and economic services as cost-effectively as possible and, in so doing, to facilitate productive activity which will itself generate employment, foreign exchange and sustainable economic growth. The question is whether the structure and modus operandi of our institutions for public

administration are commensurate with the tasks that have to be carried out towards achievement of the indicative set of policy targets.

There is some evidence that the structure, systems and procedures of many of our public service agencies/departments, which were established in a different era and which may have worked well then, do not function effectively in this rapidly emerging and new world order. Management systems tend to be hierarchial and not sufficiently reliant on team leadership and information-based decision-making. Skills are often inadequate or misplaced. Activities tend to be governed by archaic rules and procedures; and the negative elements of bureaucracy stymie positive action. The degree of innovativeness that changing circumstances require - without compromising either the public service's sense of responsibility or its accountability - is not taking place. Compensation policies governing those who work in the public sector may not be engendering sufficiently high levels of motivation and performance. Sufficient use is not being made of new information technologies, both hardware and software. Many departments of Government seem to see themselves as controllers rather than facilitators of the well-being of the citizenry, both individual and corporate. Projects with high development priority are getting off the ground too slowly even after financing has been assured.

Mr. Chairman, I will illustrate a case in point, using an example from CDB's operations, how institutional rigidities seem to be inhibiting effective implementation. As we all know, one of CDB's functions is to assist in the mobilisation of investment capital for the financing of projects and programmes needed for development. Unavailability of long-term finance was identified as a major constraint. But even when that constraint is removed and loan financing is made available, project implementation tends to proceed at a less than desirable pace. We currently have a significant volume of loan approvals that have not started disbursements. The slow rate of project implementation is a source of considerable concern for a number of reasons. Funds may be tied up for longer than necessary and unavailable to others who can use them on a more timely basis. Delay increases the cost of projects; and, at the same time, the benefits of the projects do not accrue early enough to the potential beneficiaries. And slow implementation often results in additional administrative costs both to CDB and to the Borrower.

The reasons for this performance vary from project to project and country to country but the major problems seem to be:

- fiscal difficulties, sometimes stemming merely from inadequate planning, which make it difficult for borrowers to provide the necessary counterpart funds;
- delays in meeting conditions precedent; and

- shortage of staff or delays in getting competent and dedicated project management into the various project executing agencies, compounded sometimes by frequent movement of scarce staff skills.

On the other hand, there are cases in which loan agreements are signed, conditions precedent satisfied, contracts awarded, work on the project has begun and some disbursements made directly from the resources of the executing agency or department. However, claims for reimbursement are delayed, resulting in less than optimal use of scarce financial resources and unnecessary fiscal and balance of payments stress. CDB is continuing to do all it can, through closer supervision and increased project quality control, to encourage project implementation to occur on schedule.

We will, therefore, be paying even more attention to institutional matters such as the capacity of executing agencies to implement and manage projects financed by CDB. For the most seriously affected countries, we expect to direct some technical assistance resources to ensure adequate project management and, we will intensify efforts to ensure that, before submitting project loans for Board approval, adequate institutional capacity and management are in place not only for implementation of the project but for its operation as well, and where necessary, CDB will incorporate in the financing package the mechanism for engaging the required skills.

I should mention here that CDB has been assisting in the financing of a regional exercise by a Working Group, coordinated by CARICAD, to determine the critical structural issues, both external and internal, presently impinging on public policy formulation, administrative management and implementation mechanisms of the Commonwealth Caribbean.

The study is predicated on the necessity to provide the highest levels of the political directorate with an empirically-based and cogently argued analysis of the persistent constraints to improved management of the public sector and of possible modalities by which a comprehensive programme of remedial measures can overcome prevailing constraints. It also recognises the need to sensitise the public, at national and regional levels, to the critical demands for more efficient and effective administrative procedures as well as for a new range of skills and competence in public policy analysis and implementation.

It is also recognised that implementation of change for improved governance demands a high level of managerial competence at the political, public, private and trade union leadership levels; that Administrative Reform and Management Development require a long-term fundamental adjustment in the way the public sector sees itself, organises its institutions and does business; and that this calls for effective planning, organisation and management.

Adoption of a programme to hone the capacities of our institutions for public administration cannot be undertaken soon enough.

Business Environment

You will recall, Mr. Chairman, that my definition of institutional framework includes practices, relationships and organisations. I will now mention some of those institutions which may well be constraining our efforts at economic transformation and inhibiting effective policy implementation. For example, I would suggest that we should be examining those practices that have to do with attitude to work and discipline at the workplace, those that we expect to have a positive effect on the rate of savings and investment or on the acquisition and use of technology.

To illustrate: on the question of institutions concerned with boosting the rate of investment, it is generally the case that, as business units, many of our firms are small and often lack the know-how to identify opportunities or to design and market products and services for the international markets. It would be futile to think that, somehow, within that type of institutional framework, such entities will be responding to opportunities and assisting the Region to increase its foreign exchange earnings through the monetary and fiscal policies that the Region has been adopting. Promotion, development and strengthening of institutions such as joint venturing, for example, may have to be actively considered and undertaken.

The challenge of a rapidly changing economic and trade environment requires a different outlook that reflects agility, flexibility and perspicacity in both government and business. But, in general, a business-as-usual attitude persists. It manifests itself by way of continuing low productivity, insufficient technological adaptation and research and development activities, continued reliance on poor information databases for decision-making, and continual adherence to the traditional approach to financing business activity with institutions/mechanisms responding very slowly to the new circumstances, among others.

Mr. Chairman, we have, for example, recognised the limited and handicapped nature of our business structure, limited entrepreneurial flair, and the sufficient use of scientific and technical skills in production for external markets that demand quality products at competitive prices. But we must candidly ask the question: "to what extent are we adequately improving and changing the structure and approaches of our commercial and industrial institutions to make them relevant and effective in pursuit of the goals of greater export capacity and reduced costs to our consumers?"

The practice of small businesses mobilising limited amounts of capital and producing for small domestic markets constitutes a structural constraint that may be ill-prepared for the task of achieving a vibrant, outward-looking and foreign exchange earning productive sector. Weak market intelligence and information-

gathering capability continues to have a paralysing effect on our foreign exchange earning capacity. Perhaps the time is ripe for us to be pursuing a strategy of coordinating the production of many small efficient productive entities under the umbrella of larger scale entities capable of effectively reaching out into the wider marketplace.

I am also suggesting careful examination of the extent to which we have been systematically using our educational institutions to encourage and foster development of the knowledge - and skills bases - required to ensure efficient and competitive responses in the markets for information-based products and services that we are hoping to produce and sell.

I could also mention our marketing practices; our practices relating to planning, target-setting and monitoring; our consumption patterns; and many other institutions. But, in a nutshell, what I am saying, Mr. Chairman, is that the institutions, that is to say, the practices, relationships and organisations that were sufficient for production of, say, bananas and sugar, are unlikely to be adequate and appropriate for production of the goods and services that we see ourselves as needing to produce if we are to profitably increase our economic output. Review of our systems, procedures, practices, relationships and organisations themselves, is clearly an exercise that we need to do continuously to determine their relevance and capacity to move us forward.

On the question of relationships, I would simply like to say that it appears to me that the need for cooperation between the social partners and their respective roles and interdependence have been fairly well recognised and articulated. As was pointed out earlier when I dealt with the policy objective in regard to the efficiency of fiscal arrangements, a central theme of the policies of several countries in the Region is to improve operational efficiency while at the same time sending a positive signal about the major role that the private sector can play in the development process.

Overall then, Mr. Chairman, getting the institutional framework is also important.

Timeliness and Persistence

There is, Mr. Chairman, another dimension of the issue on which I would like to offer a brief comment. It has to do with the timeliness of policy implementation. Of course, the earlier we recognise the need for policy changes, the better able we will be to deal with the problems. But we should guard against a tendency of not persisting with policies that we believe to be right. Generally, we should not expect overnight results; most policies require time to achieve the desired effects.

Too frequent policy adjustment could be counter-productive. It is important, therefore that in this crucial period as we cross the proverbial river, stygian and turbulent as it may be, we must be cautious about changing the horse in midstream.

In this regard, some persons argue that it is the failure to stay the policy courses that has characterised the performance of some Caribbean economies and militated against attainment of the positive desired effects of the policies pursued. They point out also that persistence in recent times appears to be showing results and contributing towards the slow but steady improvement in performance in some BMCs.

The dynamics of any economic situation require flexibility, adjustment and change; but any instability associated with frequent and uncharted changes should be continuously assessed and avoided wherever possible.

CONCLUSION

I have suggested that getting the policies right is a first, but major, step. Examination of the capabilities of the implementing institutions and of the tenets of some of our value systems is important. Sustained effort by all of us - Governments, formal and informal institutions, and people - is needed if we are to survive these rapidly changing times. Obviously, Mr. Chairman, I could not be so presumptuous as to purport to provide a catalogue of the constraints and rigidities that envelop our national and regional institutions and value systems. Some of them are fundamentally cultural; and others result from entrenched and institutionalised inefficiency. But my hope is that our decision makers and people will be sensitised to the fact that we must examine both our institutional capabilities and value systems; and where they are weak and inappropriate to the challenges we face, to proceed now in making the necessary adjustments. And above all, we must implement with all our might, those policies that we have determined as being appropriate to our circumstances. The focus, as I see it, will have to be in three areas: on public sector reform, on industrial reorganisation and on casting off those values that are out of step with the imperatives of increased economic performance and improvement in the quality of life.

Our public service institutions have to become more technocratic and innovative rather than bureaucratic; our labour organisations more participatory than adversarial; our private sectors more dynamic, outward-looking and expansionary; our people more empowered to be committed and investment-oriented rather than being reactively tied to whimsical consumerism; in general more willingness on the part of every Caribbean woman and man to increase their individual and collective capacities to increase output levels in the Region. Such are the imperatives that confront us. The policies, do have to be right, that is

appropriate to the circumstances, consistent with each other, and sensitive to sequence, timeliness and persistence. But the institutions through which they are effected must also be appropriately geared to the task. Having agonised for a sufficiently long time over what we should do, we must now take up and apply the tools, the implements if you like.