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**BY**

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**AT**

**UNTHINK: A THOUGHT FESTIVAL ON GLOBALISATION**

**AND SUSTAINABLE DEVELOPMENT**

It is an honour to be asked to deliver this address at the inaugural “**UNTHINK: A Thought Festival on Globalisation and Sustainable Development**” in honor of the memory and works of Sir William Arthur Lewis. This event is of special significance for the Caribbean Development Bank, where Sir Arthur served as the first President, and for me personally as the 6<sup>th</sup> President, some 50 years later.

The organisers of the Festival have challenged me to reimagine Sir Arthur’s works and his vision for the organisation, and the Region. In doing so, I would like to begin by reflecting on two points. **First**, Sir Arthur had a significant impact on thought leadership, on development economics, and on the practice of economic policy across the developing world. **Second**, the Great Depression left an indelible mark on young Lewis – in fact, it fired his passion to understand the plight of poor countries and to devote his life to providing thought leadership on ways to improve their well-being. I think it will not be lost on this audience that the COVID-19 Pandemic is currently re-shaping our world in an uncanny resemblance to the revolutionary impact of the “Great Depression”. So, a re-imagine challenge is apt!

Professor Norman Girvan, another distinguished Caribbean son, said that Sir Arthur’s “... *works proved that he was not only a man of his time in the subjects that he chose to investigate and the answers he came up with; but he was also ahead of his time, in that much of his work has continuing salience and resonance in the world today*”.

Sir Arthur was convinced that, notwithstanding the existential constraints of limited natural resources, poor countries could industrialise, and move beyond subsistence to become better integrated in the value chains of the time.

A core tenet was that moving labour away from subsistence activity increased productivity, especially when facilitated by appropriate investments. Given the low levels of domestic savings, Lewis advocated for **foreign investment** to drive growth in small, underdeveloped economies like ours. He believed the successful implementation of this model would result in higher wages, higher living standards, and eventually a reduction in poverty levels.

As a summary, Sir Arthur emphasised targeting international **export markets**; promoted policies for **international competitiveness**; thought **international strategic alliances** were essential to overcome the narrow resource base; saw the role of the state as supporting **institutional development** and the

provision of social infrastructure; and envisaged greater use of local resources through **backward and forward linkages**.

Following Professor Girvan's quote, we may ask what is the resonance of Sir Arthur's work for the post-Covid period? Further, is the 21<sup>st</sup> century environment of unprecedented growth in technology and digital capabilities sufficiently different to limit the applicability of the Lewisian concept? In addition, can these factors propel globally comparable levels of productivity to allow countries that are less endowed with the traditional factors of production to become fully integrated into global value/supply chains?

My thesis of today's lecture is **Sir Arthur's ideas, suitably re-imagined, remain relevant and applicable today, and can form the basis of a re-imagined post-Covid future**. When supported with strong and resolute implementation, the Lewisian concepts can propel countries up the ladder of economic prosperity.

Let me explain. At the core, I believe that **sustainable and inclusive growth requires resilience, which in turn requires innovation**. Because sustainable livelihoods are founded on the principles of stable ecosystems, resilience needs to be interpreted broadly to include resilience in social development (health and education); in institutional capacity; in the environment (markets and nature – disasters/hazards); resilience to external shocks (trade, spillovers); and by extension, resilience in the integration of all of these on macroeconomic outcomes.

**Innovation can be operationalised through the backbone framework of KIDS** – Knowledge, Innovation Diagnostics, and Strategies. The KIDS framework is flexible and outcome-based; can be agile and of single or multiple modalities; and can be applied at firm, sector, or economy-wide levels. KIDS is premised on the “industrialisation of knowledge” and, in parallel to Sir Arthur's “**unlimited supplies of labour**”, embraces “**unlimited supplies of knowledge**” and the potential of the **unbounded imagination** of our people. As in Sir Arthur's work, it embodies international competitiveness, strategic international partnerships, development of institutional capacity, and promotion of backward and forward linkages. It maintains a focus on export markets, targets the high-value-added segment of the supply chain and, therefore, the potential to sustain higher living standards and reduce poverty.

**The KIDS framework operates in three interacting phases**, that can also be viewed as distinct.

**First, knowledge management**, which is the gathering, organising, refining and disseminating of critical information.

**Second, innovation diagnostics**, which leverages the information captured into value-added products. This implies transforming the raw knowledge acquired in the previous process into field-specific and general success factors for future potentials.

**Third, strategies**, which use the synthesised knowledge to create and market specific opportunities for the production of goods and services.

This process is very much consistent with the ideas promulgated by Sir Arthur, and challenges how we think about the notion of comparative advantage.

As an example of the application of KIDS, imagine our parents/elders regaling us with stories about the wonders of herbal medicines. Applying unbounded imagination, what if we were to compile this local anecdotal data, but go further and archive all available information about tropical plants with medicinal properties? This **knowledge** management can spawn search, scan, classification, and archiving technologies and products.

Now, what if we could partner with tertiary institutions (regional and external) to foster discovery (**innovation diagnostics**) – for example, assessing the scientific basis of medicinal anecdotes and potential for combining and grafting of plants? Could we not exploit the potential role for centres of excellence in chemistry and use this as a lever for knowledge tourism?

Then, how far a leap would be needed to create **strategies** (for patents, products, services) in pharmaceuticals – essentially, generating viable business propositions that can be implemented at home, regionally, or globally?

All of these from a single seed thought. I invite you to imagine how wide and far we can push this!

Fundamental to the concept of infinite supply of knowledge is the potential to create products and services with high value-added. This is based on the recognition that, as a people, we do not have a comparative disadvantage in generating knowledge. By extension, our education systems would need to promote, even more, learning processes designed for reimagination – that is, learning which is inquiry-, discovery-, and problem solving-based. This is likely a radical departure to current learning which, as we know it today, mostly encourages “learning by rote”.

Our education institutions, such as the Sir Arthur Lewis Community College, could lead the charge in promoting knowledge-transforming centres of excellence, focused not on certification but on innovation as the highest expression of our investment in both our children and adults. Teaching and learning processes would need to:

- emphasise knowledge transformation that adds **value** to quality of life;
- promote 21<sup>st</sup> century skills and competences as the explicit focus of curricula; and
- ensure that applied learning **is** the ultimate objective of education and training.

CDB has always regarded the transformative role of education as integral to national and regional development. The Bank's current *Education Policy and Strategy* acknowledges the role of education as a "future-oriented and life-long process of realising individual potential". Investments in enhancing the quality of inclusive basic, post-secondary and tertiary education, ICT, and technical and vocational education, as well as capacity of the education system to embrace digital technology are surely consistent with the reimagined space of unlimited supply of knowledge as a driver of development.

Sir Arthur did not let his humble upbringing limit his aspirations. His pursuit of knowledge was limitless. He understood fully the link between knowledge accumulation, wealth creation, and economic development. While a focus on supplies of labour defined his work, I believe in today's context of a technological revolution and digital transformation, he would have seized the potential for infinite supply of knowledge as a driver of sustainable, inclusive, and resilient economic growth in our borrowing member countries.

Ladies and gentlemen, this Region is our home. The challenges ahead are enormous; but if we are bold and steadfast in leadership and embrace our creative imagination, we can set course for a brighter future. As the region begins to reposition for the future, I can assure you that CDB will remain a committed development partner.

Thank you.