

## **Sir K Dwight Venner: Economic reform – towards a programme for resuscitation of economic growth and development in the Caribbean**

Remarks by Sir K Dwight Venner, Governor of the Eastern Caribbean Central Bank, at the opening ceremony of the 35th Annual Caribbean Monetary Studies Conference, Basseterre. St Kitts, 24 November 2003.

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The Caribbean region now finds itself at the crossroads of its economic history when it must make some fundamental choices in order to ensure the economic viability of its citizens, the improvement of their social prospects, and the maintenance of their political freedoms.

All these issues fit squarely within the theme of this 35th Annual Conference of Monetary Studies, "Economic Reform: Towards a programme for resuscitation of economic growth and development in the Caribbean".

The international and domestic environments within which we now operate make this one of the most challenging epochs we have experienced and make the case for economic reform an even more urgent one.

The increasing pace of globalisation and the constant spectre of poverty at the international level present formidable challenges and in some instances reduced options for most members of the international community, that is, the developing countries.

The dominant countries of the international system have now posed or exposed the threat of terrorism as a counterpoint to the eradication of poverty. They may not express it in those terms, but the facts are that resources will be diverted from the fight on poverty to prosecute the fight against terrorism. The question which is being increasingly asked is "Are the circumstances of poverty not a pre-requisite for terrorism?"

The opposition to globalisation has certainly brought out a number of dissidents of different persuasions, including new style anarchists who are not opposed to violence.

These issues speak to fundamental and systemic disjunctions at the international level, which will certainly have a limiting impact on our capacity to develop. The stark reality is that while we may have little or no control over these matters, other things being equal, we still must have strategies at our disposal to avoid, if possible, or to mitigate the impact on our countries and communities. This will require clarity of thought and rigorous intellectual analysis as well as a clear understanding of our long-term goals as opposed to short-term expediency.

The policy makers of the region could possibly find themselves between a rock and a very hard place as they attempt to balance two sometimes conflicting demands. On the one hand there are the demands of the international community with their insistence on a raft of standards and codes, rating agencies in not only the financial sphere, but also in governance in democracy, the environment, etc.

On the other hand are the insistent demands of our populations, a large section of which experiences poverty and unemployment, for education, health and social services. It must also be borne in mind that standards of living are relative and ours is not that of Bangladesh or sub Saharan Africa, but that of the Americas.

The weighted, undemocratic voting systems as well as the lack of participation in the decision making process of major international institutions introduce significant biases into international decision making, which on many occasions presents difficulties for developing countries.

These, however, while they are current givens, should not be permanent showstoppers for our development process. This is contingent on how we approach the solutions to our domestic and regional economic, social and political problems.

These approaches should be based on our vision, our technical capacity and a broad societal consensus on the goals of our societies and how to achieve them.

With respect to the vision, the broad outlines are fully accepted. That is, the solution to our problems lies in the closest possible integration of the Caribbean countries. This vision is devalued by raising it to utopian proportions and stating that it would not be possible in our own lifetimes. This, one could

posit, in fact represents a clear disjuncture between the fact of political authority where it now resides, and the recognition of economic efficiency, which requires a larger contiguous economic space. Consideration of the economic benefits to the mass of people is in a sense not a primary objective, to the extent that there is no clear articulation of the economic benefits of such a wide space.

A recent opinion survey in Jamaica revealed that 61% of the population were not, so to speak, averse to a federal arrangement. A similar poll in that country some time ago, revealed some uncomfortable views on the issue of independence. These two results in the largest and probably best-endowed country in the region poses significant questions for us as Caribbean citizens at the beginning of the 21st century.

The answer to one of the unspoken questions is that independence is a necessary, but not a sufficient condition for economic and social progress. Independence gives us the capacity but then we must exercise policy choices which lead to sustainable economic and social progress.

We have never doubted that a collective regional approach is also a necessary condition for social and economic progress. The impediment has always been what the political traffic could bear after the demise of the ill-fated West Indian Federation.

Lloyd Best at the 30th Monetary Studies Conference in the Bahamas, in a truly outstanding tribute to Alister McIntyre remarked on the fact that the "independence movement within the single territories of the CARICOM community, has not had the local machinery for exploiting or converting opportunities for development and transformation at home." He also stated that the integration movement had been hopelessly short on implementation. The movement lacked the required instruments; a view he claimed was shared by the West Indian Commission in 1992.

I now quote fully from Lloyd Best, in one of his most controversial assertions in a style, which is uniquely Lloyd's. "If, in 1992, the West Indies Commission felt bound to declare time for action, what was the reason? Was it not that the Trade Unions and the Labour Congresses had gone off the stage fifty years before? Wasn't it that organized units had effectively disappeared, almost blocking all political trade (as distinct from industrial relations bargaining) above all, when it involved transactions across the borders of newly independent states with insanely jealous leaders".

Lloyd went on - "Within the islands and territories, this gap was difficult to fill without breeding consistent new conflict. In many places, industrial stabilization became a surrogate for slowing or even stopping the development of new community forces with political potential. However, at the regional level, certain accidents of Federation did make it possible to envisage the emergence of an effective network of active as well as passive participants of Caribbean integration, exchanging ideas as well as promoting concrete measures. Let us call this the West Indian party. I am sure that today it is very well represented here."

Finally, in paying tribute to McIntyre and Demas, Lloyd delivered this very stirring oration. "Over the years, McIntyre and Demas have consistently and without fail, provided this party with inspiration and leadership, policy, programme and plan. They have worked selflessly. They have worked tirelessly, whether out of the multilateral institutions operating in the region, including the UWI and the wider system of higher education, the CARICOM Secretariat and regional agencies, the CDB and the UN system. McIntyre and Demas have had no other business - not academic life, not administration, not the university, not the regional Development Bank.

The pair has had one transcendental concern, which has not been economics, which they have practiced expertly, when and where it has mattered to them. They have sought only the holding together of the West Indian nation and, as a means to that, the construction of one single integrated and effective West Indian party. At issue here is not an election party of course, but a political party in the proper sense: a private voluntary and considered community instrument deployed to public purpose."

I have quoted at length from our colleague Lloyd, to remind you of the tremendous institution we have created over the last 35 years and to alert you to the challenges ahead which will reach their zenith in the year 2007.

Four arrangements will literally peak in that year. These are the FTAA, the COTONOU Agreement, the WTO, and of course, the Cricket World Cup.

Economic reform will have to be greatly accelerated to get past this turning point. From an optimist's point of view, this is a golden opportunity. The conditions to hold the World Cup are so commercially stringent that satisfying them will have an impact on our ability to treat with the trade arrangements.

Also, using cricket as a reason and given our passion for the game we should be able to get our public and private sectors to attain standards they thought were unattainable in the past. Once we get past that year, when freedom of movement will be a condition to host the games, there will be no possible return to the status quo ante.

I would simply like to say in conclusion that there is an inevitability in our circumstances about economic reform and we must get down to business without delay.

Once again, quoting from the West Indian Commission of 1992, *"This is the time for action."*