

Department of Economics: COTE 2010 The Rapporteurs Report

Conference on the Economy 2010

October 7th- 9th 2010

Learning Resource Centre, UWI, St Augustine

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Feature Address: Policy Formulation and Policy Implementation

Dr. Compton Bourne

The Caribbean Reality: Challenges

- Balance of Payments deficits leading to fiscal deficits
- Low productivity in conjunction with high unemployment.
- Severe International Competition
- Natural Hazards in the wake of Climate Change
- Financial Institutions Fragility

Policy Recommendations

- Utilize a comprehensive approach to address these challenges in recognition of its deficiencies policy formulation, time preferences, group distributional balance and sufficient problem identification.

Day 1: Thursday 7th October, 2010

Caribbean Economic Situation and Projections

Challenges:

- 1) Dr. Dillon Alleyne: The stimulation of Fiscal deficits from Balance of Payments deficits.
- 2) Dr. Alvin Hilaire: The Caribbean is still in the lower end of the business cycle evidenced by slow growth, job losses and fiscal deficits
- 3) Dr. Gene Leon: Jamaica's high level of national debt, fiscal and current account deficits, dissavings, unemployment and the role of the IMF in dealing with these issues.

Recommendations

- 1) Facilitate Fiscal Consolidation and export market diversification and stimulate internal and regional demand through sustainable projects.
- 2) Utilize the combinative inputs of public sector stimulus and private sector efficiency for adequate stabilization and recuperation of the Caribbean economies.
- 3) Implement fiscal and financial sector reforms, adequate government intervention taking into consideration the risks from social tensions, natural disasters and commodity price volatilities.

International Trade Issues

Challenges:

- 1) Mr. Jeetendra Khadan: CARICOM, unified by its high unemployment rates, concentrated export market and primary production dependency is plagued with the problem of constrained Intra- regional trade.
- 2) Mr. Damie Sinanan: The Dutch Disease phenomenon is present in Trinidad and Tobago and has potential to weaken its comparative advantage.
- 3) Mr. Norris Herbert: The shift in the Global Trade Balance of Power has altered the region's access to global markets , foreign direct investments and influence on trade negotiations. Developed countries' government procurement policies retrains our export competitiveness



Recommendations:

- 1) The real natural trading partner and complementary sectors of CARICOM need to be determined. This can be achieved by further work on all CARICOM member states and potential extra-regional trading partners and analysis at a greater level of product disaggregation.
- 2) Promote manufacturing and services diversification and competitiveness to enhance our comparative advantage, develop a culture of Research and Development and innovation and continued human capital enhancement.
- 3) Review existing trade agreements, enhance trade infrastructure and trade opportunities whilst building the local trade sector's capacity.

Challenges to Development

Challenges:

- 1) Dr. Marlene Attzs: The poor tends to be the most vulnerable and suffers most in times of natural disasters in the wake of infrastructural and environmental damages and losses.
- 2) Ms. Malini Maharaj: Good governance is low because of the lack of National Budget Transparency, Accountability and Participation.
- 3) Ms. Donna Ramjattan: There is an undeniable causal relationship between Poverty and environmental problems in the Caribbean.
- 4) Ms. Corine Gregoire: The region's Sustainable livelihoods are threatened because of its vulnerability to natural disasters, seasonality and unhealthy natural resource dependency.



Recommendations:

- 1) Devise financial, disaster preparedness and risk reduction services that meet the poor, whilst promoting greater agency coordination, public education and safe microcredit availability.
- 2) Foster good governance through fiscal transparency to the public, and greater awareness of society's entitlements to such information.
- 3) Tackle the problems of Poverty and the Environment simultaneously and implement accurate valuation of resource usage to curb the excess natural resource usage.
- 4) Protect the Region's Sustainable livelihoods by achieving development, sustainable resource management and poverty eradication simultaneously.

Presenters (Day 1):

- **Dr. Compton Bourne:** *'Policy Formation and Policy Implementation in the Context of the Caribbean Reality'*
- **Dr. Dillon Alleyne:** *'Fiscal Consolidation with Medium Term Growth in the Caribbean'*
- **Dr. Alvin Hilaire:** *'Business Cycle Dynamics in Trinidad and Tobago'*
- **Dr. Gene Leon:** *'Jamaica and the Global Financial Crisis'*
- **Mr. Jeetendra Khadan and Dr. Roger Hosein:** *'An Investigation into the real Natural Trading Partner of Selected CARICOM countries'*
- **Mr. Damie Sinanan and Dr. Roger Hosein:** *'RCA Persistence and the Dutch Disease in a small oil- based economy and the associated policy implications'*.
- **Mr. Norris Herbert:** *'International Trade: Grappling with Current Issues'*
- **Dr. Marlene Attzs:** *'MFIs Sustainable Economic Development and Disaster Risk Management in the Caribbean'*.
- **Ms. Donna Ramjattan:** *"Poverty and the Environment in the Caribbean: Identifying a Framework for Sustainable Development"*
- **Ms. Malini Maharaj** *'Governance and National Budgeting – Trinidad and Tobago in an International Context'*.
- **Ms. Corine Gregoire:** *'Patterns of Caribbean Livelihoods'*.



Business Forum: Facing up to the Diversification Challenge- Issues for Trinidad and Tobago and the Wider Caribbean

Challenges:

- 1) Mr. Kelvin Sergeant: Few sectors outside of the energy sector have been developed leading to unbalanced growth in the Trinidad and Tobago economy.
- 2) Mr. Gregory Mc Guire: Limited technical expertise, government's financial constraints and broad rather than focused incentives create some gaps that need to be bridged on the road to diversification.
- 3) Dr. Dwarka: Changes in the world economy such as recession, new trade laws and treaties, new technologies and competition from stronger economies are all potential threats to the Caribbean.
- 4) Ms. Angella Persad: The current economic scenario, volatile energy receipts and the need to produce more value added goods build the case for diversification of the economy.



Recommendations:

- 1) Consider the future of the non-oil sector, role and challenges of the business community, effectiveness of emerging sectors and regional vs domestic diversification.
- 2) Investments by state enterprises and partnership with existing energy sector are encouraged while our experience in the energy sector and culture provide unique export opportunities that should be seized.
- 3) Some Caribbean economies are rich in mineral and non mineral resources while others have the appropriate knowledge skills. Hence an integrated approach to diversification will allow us to survive the changes in the world economy and reap the benefits.
- 4) Agricultural exports, tertiary education as a hub, tourism and ICT enabling clusters were areas identified for diversification coupled with implementation and tangible performance metrics.

Presenters: Business Forum

- **Mr. Kelvin Sergeant:** *'Critical Review of Trinidad & Tobago's Diversification Strategies and Assessment of Lessons Learnt'*
- **Mr. Gregory Mc Guire:** *'Meeting the Diversification Challenge-Lessons from Point Lisas'*
- **Dr. Ram Dwarka:** *'The Diversification Challenge for Caribbean Economies'*
- **Ms. Angella Persad:** *'The Diversification Promise: New Business Opportunities'*

Day 2: Friday 8th October, 2010

Labour and Human Capital Development

Issues Identified:

- Dr. Roy Thomas: An overview of ten portals of entry for fruitful analysis of Labor and Human Capital Development including impact of HCD on poverty and unemployment.
- Ms. Samantha Joseph: The potential for Caribbean Diaspora to impact on development via Country Embassies as the facilitator of this process.
- Ms. Rosa-Mae Whittier: The mismatching of jobs with the demand in the economy as the main contributor to low Human Capital Development in Trinidad and Tobago.
- Mr. Martin Franklin: The challenges of the informal sector with the aim of facilitating and eventually formalizing the trade in the Caribbean particularly with respect to ICI's, Hustlers and Higglers in Guyana, Dominica and Jamaica.



The Diversification Challenges for Caribbean Economies-Cultural Aspects

Challenges:

- 1) Mr. Bryan Khan: The Caribbean's reliance on primary production magnifies the need for diversification; the historical dependence of the Caribbean on foreign knowledge, culture and commodities has been a hurdle for the cultural aspects of diversification.
- 2) Dr. Suzanne Burke: The first step towards diversification is a change in attitudes. The culture sector is at the first stage of the development arc, there is a lot of activity but not enough to yet create an industry and advancement into new terrain can pose obstacles.
- 3) Ms. Josanne Leonard: We must be careful in our choice of development models for culture so as not to replicate models that have contributed to the detriment of other sectors.



Recommendations:

- 1) The Caribbean should embrace the opportunities emerging from the globalised information economy, the creative industry's proposals must be converted into policy terms and evaluated, culture and commerce are compatible and creative industry policy can act as a tool for both economic and cultural diversification.
- 2) For efficient use of scarce resources an anchor is needed, potentially it may lie in the form of festivals (music, film etc.) where further growth can occur. Trans-border tentacles are a by-product of this and can be used to aid in the development of distribution networks in those markets.
- 3) The creative and culture industries are a potential emblem of the Caribbean's knowledge based economies and can be realised with the loving, nurturing and harnessing of individual creative activity.

In Search of an Appropriate Regime for Caribbean Economic Diversification-The Way Forward

Issues Identified:

- 1) Professor Timothy Shaw: The Trinidadian economy is more diversified than we recognise and what needs to be diversified is our frameworks, assumptions and perspectives.
- 2) Dr. Gene Leon: The need to return to basics, tensions between micro & macro economies, inter-temporal choice theoretic framework and vulnerabilities are factors to be taken into account with respect to policy formulation and implementation.
- 3) Professor Kari Levitt: Diversification, Sustainable Development-Poverty, Competitiveness and Culture are not just economic concerns but should be addressed both nationally and socially, introspection is required to address the social conditions of Trinidad and Tobago.

Presenters (Day 2):

- **Dr. Roy Thomas:** *‘Ten Portals of Entry to Potentially Fruitful Analysis on Labour and Human Capital Development’*
- **Ms. Samantha Joseph:** *‘Caribbean Embassies: Bridging the Gap between the Caribbean Diaspora and the Home Country as part of an initiative to stimulate growth and development in the region’*
- **Ms Rosa-Mae Whittier:** *‘Examining the Levels of Human Capital Development in Trinidad and Tobago’*
- **Mr Martin Franklin:** *‘Facilitating informal sector traders in the Caribbean: the case of Guyana, Dominica and Jamaica’*
- **Mr Bryan Khan:** *‘Strengthening the Creative Economy: The role of ICTs and IPRs’*
- **Dr. Suzanne Burke:** *‘Transforming attitudes, re-framing actions: a pathway to cultural sector development’*
- **Ms. Josanne Leonard:** Miribai Communications, Trinidad and Tobago
- **Professor Timothy Shaw:** *‘How many Caribbeans in the 2nd Debate of the 21st Century?’*
- **Professor Kari Levitt:** Professor Emeritus, Mc Gill University
- **Dr. Gene Leon:** International Monetary Fund



Thank You