

**WHAT KIND OF DEVELOPMENT?
A PRACTICAL APPROACH TO SOCIAL
AND ECONOMIC TRANSFORMATION
IN BARBADOS**

BY

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We are living in difficult times. One of my more-perceptive friends recently described our Island as a “motorized ghetto”, where the smell of diesel and gasoline fumes, and the ever-present vehicular pollution add a peculiar resonance to the ambience of this Rock that we call home. We have become so smug in our belief that Barbados is on a continuing upward path of so-called development, that we seem to have forgotten that we live on a very small island with a fragile ecosystem. Our current political leaders, in the belief that repetition is reputation have been trumpeting claims to such achievements, as an unprecedented eight years of uninterrupted economic growth, the lowest level of open unemployment on record, and the highest level of net foreign reserves ever accumulated, thereby encouraging us to forget that our Island faces an uncertain future.

It is my belief that this future will be uncertain until we have leaders in our country who can demonstrate the philosophical capacity to create an appealing vision of a Barbadian society that not just a privileged few, but ALL of us can share. We need to commit ourselves to a process of mutual engagement, that will enable us to look beyond the difficulties and problems that all economies experience from time to time, and identify paths to a brighter tomorrow, in the same spirit that I am speaking to you this afternoon. In that process of reappraisal we must look at history how we have got to where we are NOW to obtain

guidance for the formulation of a strategy for getting to the Promised Land. Of course, we have to do some accounting for the nuts-and-bolts issues that provide the paving stones for getting there. This is an essential element in becoming the strict guardians of our heritage, and the firm craftsmen of our fate that the words of our National Anthem enjoins us all to be!

The history of transformation of Barbados over the forty-year period between 1960 and the present provides startling evidence that explains why we are only “one generation removed from abject poverty. From data recently made available to me, I have observed that GDP in constant prices of 1974 increased from BD \$316m in 1960 to BD \$987m at the end of 2000. This three-fold increase occurred against a background of virtually (one might almost say “virtuously”) zero annual growth in population, so that *per capita* GDP went from \$1200 to \$3650. **What is noteworthy is that the most dynamic period in this forty-year span was between 1961 and 1973!** Incidentally, the Development Plan that was published in 1974 should be required reading by all students of social and economic planning. Informed, as it was by the conceptual underpinning of redistribution with growth, it pointed out that a more equitable distribution of income could be achieved in Barbados even in the absence of significantly high and sustain economic growth. Looking back, one might argue that the confidence with which that argument was presented was rooted in the knowledge that the economy of the Island had grown at the rate of 16% per annum between 1960 and 1973, and that in 1970 open employment was only 8% of the labour force.

Since then our economy has moved from being dominated by King Sugar to domination by tourism and off-shore financial services, both of which seem to be inextricably linked, but we have to be careful that the process of establishing Barbados as a significant off-shore domicile does not devolve into merely offering our assets for sale to the highest bidder. This, also, applies more generally to attracting foreign investors. We have to be acutely aware that while many may fall in love with our Island, some of them have come here not out of interest in any intrinsic element of the quality of Barbadian life, but because a piece of property with access to a beautiful beach is an internationally marketable asset. Others have been lured by the “incentives” offered under the offshore regime that are now under attack by the member countries of the OECD. Persons who make investments, here, on that basis can have no lasting commitment to Barbados like those of us whose navel strings are buried here and who have nowhere else to run to when the economic going gets tough. You know the old saying: *When the economic going gets tough the soft scramble for the underbelly!* I have observed that many of these foreign investors keep their caravans light, and even when they appear to pack them up for more than a day, they are willing to march on, even before the dogs have barked.

A GENERAL STATEMENT OF THE DEVELOPMENTAL PROBLEM THAT BARBADOS FACES

The general theme of my address is how to build and embrace a future that is acceptable to all Barbadians. Essentially, this cannot be achieved merely by implementing a set of macroeconomic policies to be undertaken, here in Barbados to counteract a downward cycle of performance in the global economy. I don't dispute that such an approach may be necessary to cushion the shock of external events. But the current crisis could be seen as an opportunity to revisit our strategies to support viable agricultural, manufacturing and service sector operations. We have to be careful, however, to ensure that what we do is not tantamount to spinning our topsies in mud, since recent economic history has shown us that even in a large economy, globalization imposes objective limitations on the capacity of national authorities to implement successful autarkic policies in their domestic environments.

Recent critical evaluations of the so-called "Washington consensus" have shown that macroeconomic policies that emphasize the role of productive development strategies are not enough. The idea that the combination of maintaining an open economy and keeping the macroeconomic fundamentals stable was by themselves sufficient to spur economic growth has not been borne out. Examples of other decisive factors include insufficient institutional development or scarce accumulation of human capital. Several theories have underlined the need for a strategy of productive development as the fundamental ingredient for an open, dynamic developing economy. Similarly, establishing development strategies that aim to stimulate innovation and build on complementary features of production seems to be a path that the open economy of Barbados cannot fail to take.

Let me draw on a study that was prepared by Gladstone Bonnick for the 2000 meeting of the Caribbean Group for Cooperation in Economic Development (CGCED) entitled: *Towards a Caribbean Vision 2020: A Regional Perspective on Development Challenges, Opportunities and Strategies for the Next Two Decades*. In that document Bonnick notes that Caribbean economic underdevelopment is reflected in the state of the physical, intellectual and technological capital, which, together with management and labour, determine the existing means for producing goods and services, and generating adequate real incomes. He identifies a number of major deficiencies that constrain the capability of these resources to generate the outcomes that any holistic vision of development demands. He describes such a vision as encompassing a community with an eternal well-spring of hope that the economy will continue to prosper and be economically and politically secure, because its citizens are effective participants in the governmental process. In such a community its members would expect to enjoy a healthy life of dignity and security, and be freed of poverty through a more equitable distribution of income, and where the natural environment is sustained by the respectful treatment of it.

A holistic and integrated approach to development must aim at improving social linkages. In economic terms, social progress can be viewed as the product of three basic factors: long-term social policy that improves equity and guarantees inclusion; economic growth that generates a suitable number of quality jobs; and a reduction in the structural heterogeneousness of productive sectors, thus narrowing gaps between different economic activities and agents. The undeniable relationship between economic and social

development, makes it essential to design integrated policy frameworks for economic and social action.

Effective social and economic programming must be based on broader goals. Rather than focusing on narrow economic concepts, effective development programming requires that economic system be subordinated to broader social objectives. It is important to encourage social solidarity particularly where this has lost ground in the pursuit of structural adjustment programmes. In this sense, the “public sphere” should be understood as the meeting point for collective interests, rather than a synonym for State activities. Examples of other decisive factors include insufficient institutional development or scarce accumulation of human capital. Several theories have underlined the need for a strategy of productive development as the fundamental ingredient for an open, dynamic developing economy. Similarly, establishing development strategies that aim to stimulate innovation and build on complementary features of production seems to be a path that the open economy of Barbados should not fail to take.

In looking at the performance and prospects of Barbados, we must recognize that tourism, which is the primary growth engine of the economy, depends on the persistence of favourable external factors, and, in particular, the continuing strength of the economies of North America and Europe. Since 1995, foreign exchange earnings in tourism have declined in real terms – i.e when the dollar is valued according to its purchasing power. But of greater concern is that declines in nominal terms have been recorded for the last three years. Yet, government sources have been referring to ‘robust’ growth in the tourism sector over the last few years based on tourist arrivals. The issue in tourism is our competitiveness. During the year, the President of the Barbados Hotel & Tourism Association listed a number of impediments to the further development of our tourism sector. Many of these were inconsistent with a destination that is facing a very tough and competitive future. We need to question too, why the Government has taken an idea that was proposed, initially, as a debt work-out arrangement for the non-performing hotel investment portfolio of the Barbados Development Bank, into a massive diversion of taxpayers’ funds. While the Government is now looking to hive this burden off to a foreign investor, the considerations of the sale in the absence of any demonstrated profitability of the investment must be open to question. Indeed, the original idea of providing a basis for successful participation of smaller hotels in Barbados’ tourism sector now seems to have been abandoned. What have we learned, and at what cost!

The offshore financial sector is highly vulnerable to actions that are likely to be taken by OECD countries, whose final decisions, despite the considerable exertions of our Prime Minister, are still essentially in doubt. The international business sector (IBS) is being dealt a serious blow by the OECD. But the withdrawal of Caribbean Data Services (CDS) and the drastic downsizing of PRT international cannot be linked to the OECD’s decision. These two companies accounted for more than half of the employment in the sector.

The drop in employment in the IBS was at odds with the government's strategy for tackling the unemployment problem in Barbados. The government announced that the offshore sector/IBS was capable of providing 2,000 new jobs each year for a five-year period. In fact,

employment in the sector has declined from just under 3,000 to about 1,500 in the past six years. These developments point up the fact that the much vaunted initiative of equipping our young people with the skills to secure jobs in information technology-based activities under the high-sounding name of Edutech 2000 that will absorb the equivalent of 3% of our GDP is essentially supply-side driven, and is being undertaken in the absence of an appropriate skills demand analysis.

No one should doubt the impact of the OECD's initiative on our offshore sector. But even before this threat emerged, the sector has been plagued by major problems identified by service providers but consistently ignored by government.

The performance of the sugar sector continues to be compromised by the indeterminacy of government policy, and the unwillingness of the administration to resolutely continue to implement the reforms initiated in 1993. Coupled with the reforms to the European Union's Common Agricultural Policy, which have seen a movement of preferential prices closer to those obtaining in the world market, the inability to bring average costs of production down has brought into question Barbados' future as a sugar producing country. All that we are now being offered is the choice of subsidizing the cost of sugar that we export by purchasing domestically produced sugar at an inflated price.

As expected, the manufacturing sector has been adversely affected by trade liberalisation and globalisation and so its decline was never in question by objective spokesmen. The inroads started when, in contemplation of the benefits of globalisation, regional competitors - who already had access to the Barbados market - intensified their efforts to be more competitive. During the year 2000, the Barbados Manufacturing Association published an important document, which should be, required reading for policy-makers. There appears to be no serious action being taken to save any area of manufacturing in Barbados. The government avoided the creative policy actions to support the manufacturing sector in becoming more competitive. It took six years after the signing of the World Trade Organization (WTO) agreement in 1994 for the government to make a move

Weak performance by non-sugar agriculture, and the secondary manufacturing sector following the removal of tariff and quota protection as part of the liberalization process provide further cause for restraint in our delight at having achieved eight continuous years of economic growth, bringing with it an unprecedented accumulation of net international reserves and single digit levels of open unemployment.

From the forgoing perspective, the current economic situation in Barbados contains serious risks that require clear thinking and action. The paradox that accompanies the prosperity of eight continuous years of economic growth is that even if we were able to fully understand the causes of this "success", the willingness of government, the business sector, and employees to take further actions necessary to prolong that prosperity cannot be taken for granted. We should not permit the lure of the complacency of "good times" to beguile us into thinking that all is rosy in our garden. There is a natural tendency for individuals not to attempt to improve the performance of equipment that is perceived to be working well, even though they forget to perform regular maintenance on it. If we are serious about the performance of the economic engine in Barbados, we need to look beyond the appearance of

success to understand how it has been working, and to examine whether that performance is sustainable, and will ensure an equitable distribution of the benefits to be derived from it among all segments of our society.

Need to seriously address the issue of poverty alleviation

One of the major dangers facing Barbados is the absence of a consistent strategy to address problems of poverty and inequality. While Barbadians have prided themselves, in the past, for being able to live in a country with low rates of crime and social dislocation, there seems to be a growing development of a “get rich quick” mentality and a willingness to exact undue advantage by those persons who find themselves in a more favourable economic situation than other. There is no doubt that the prevalence of crime and illegal drugs in our society are reinforcing elements in that trend. We need to look, dispassionately, therefore at the level of poverty in our country.

In his first address to the Board of Governors of the Caribbean Development Bank, in May of this year, the new President of the Bank, Dr. Compton Bourne noted that the poverty studies that the Bank has been conducting over the last few years, and those also of the World Bank and the Inter-American Development Bank suggest that we can usefully delineate three major categories of poverty in our region. These are: (1) chronic; (2) structural; and (3) transitory. He suggested that those rich studies give us valuable insights into how each of these categories might emerge. For instance, chronic poverty is frequently associated with demographic factors such as age and migration compounded by the vicissitudes of poor health. The problem here is frequently the failure of both personal and social safety nets. The solution to that form of poverty may have to do with constructing measures to improve those safety nets. The structural poor are typically workers whose income tends to be less than needed to sustain their welfare at the socially acceptable level. Here the problem often seems to lie in the value that the marketplace gives to the production of some workers. This often is compounded by familial obligations that from time to time confront these workers. A ready example of the structural poor is the low skilled female single parent of several children.

Recent poverty studies are suggesting that the category we call the transitory poor is indeed a very new phenomenon. It frequently arises out of the consequence of extended economic decline and prolonged structural adjustment policies. It also tends to be associated with a radical change in the external market situation, specifically the collapse of terms of trade for some products. It is now well understood that this could lead to severe social dislocation unless public policy of Caribbean governments and of donor countries is appropriately focused to avert such an eventuality.

The benefits of the past eight-year's growth have been appropriated by owners of capital and the government sector rather than to the worker, consistent with the trend over the last six years. The social partnership has excluded the workers except in the areas of wage restraint and wage freeze and has failed to establish a system of rewards to allow them to truly share in the accumulated profits of the enterprises, which they are helping to build. In addition, the social partnership has made no provision for the participation of consumers, and has,

excluded an important group of stakeholders in the globalization process.

As a consequence of the slow growth of personal incomes against galloping prices for precious assets, classes of Barbadians, now classified as the 'working poor' and 'struggling middle-class', have emerged. Poor not only because their real wages have fallen, but their hopes and aspirations have been undermined. Poor because they can no longer afford to own or pay for their house and land. Poor because their incomes are restrained by an incomes protocol that genuinely does not allow them to share justly in profits.

Average incomes have not increased at the rate of prices, resulting in less spending power in the hands of working class Barbadians.

In that process of consolidation, several of the acquisitions have brought uncertainty to the job market as workers are being asked to accept voluntary severance in the businesses' attempts to become more competitive.

Besides pushing many Barbadians to seek their economic improvement elsewhere, poverty, unemployment and inequality undermine the kind of social cohesion needed to manage change effectively and this is especially so where the lines of exclusion coincide with deep rooted ethnic and social divisions. They occur in the context of the intense exposure of the Caribbean region's population, especially the youth, to affluent metropolitan life styles through the presence of a large tourist population and to a relentless diet of the cult of individualist consumerism, sex and violence, through satellite TV and other new technologies. This may undermine disciplined attitudes to study and work and contribute to the legitimization of antisocial behaviour. (See N. Girvan: Societies at risk? The Caribbean and global change, UNESCO, Management of Social Transformations (MOST) Discussion Paper Series - No. 17) Girvan refers to the "growing sense in the Caribbean of being at the mercy of forces, both economic and criminal, that are "too big" or "too hot" for governments to handle", which may be a factor contributing to the waning of interest by young people in things political with a resulting trend of low voter turn-out at election time.

The Democratic Labour Party approached the problems of the early 1990s that called for a resolute commitment to structurally adjusting the economy of Barbados in a manner that is now called in the current jargon "strategic repositioning", with a clear vision. We recognised then, and we still do, that the ultimate objectives of development must be stated in human terms. It must drive us to reduce poverty, satisfy basic human needs, create greater opportunities for human fulfillment, and through access to work opportunities, social services, and national amenities, assist our citizens in achieving their highest potential. Recent events has shown that the emphasis of the other side on trying to ratchet up our economy when the engine of our recent growth is beginning to run down is based on the idea that they can pull some coins from the "puzzling box" to get the process of trickle down started all over again. Yet, no one who has observed the process of recent development in Barbados can fail to notice how the rewards from the labour and sacrifice of the vast majority of ordinary Barbadians have trickled up to a selected few.

I feel that when we look around at what has been happening in Barbados we have to ask

ourselves whether we should not reexamine our underlying beliefs about the meaning of development in a very small open country, and the role that political leaders should play in forging consensus on solutions to major social problems. We need to establish the basis for a continuing dialogue on this issue in which we should lay bare our assumptions and reexamine our “solutions” to ensure that what we are doing in the name of “development” is not putting our birthright up for sale to the highest bidder.

If we are serious about the idea of an open and fully participatory process of social and economic policy formulation we need to create a framework for identifying objectives, and for specifying the instruments for attaining them, and the means for measuring results. Indeed, it was such a framework that informed the preparation of the macroeconomic strategic framework that the DLP government published in 1994. Much of what the present administration has done since then has been anchored on that framework, although the coherence of its programmes has been compromised by the failure to articulate many key components of that strategy. In order to demonstrate how this failure has threatened the attainment of major national objectives despite the apparent recent successful generation of growth and output I shall review the key elements of the DLP strategy.

The strategy elements can be set out as follows:

a) Public sector

- Primary objective was the use of fiscal policy as the principal instrument for promoting macroeconomic stability in Barbados. A sustainable pace of debt accumulation should limit the fiscal deficit. The fiscal primary savings balance should be targeted to support a capital program aimed at private sector development. Need to determine the desirable levels of the fiscal deficit and of current savings. This could be attainable through:
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- Reducing the existing high levels of transfers through privatization and replacement of generalized subsidies with more targeted ones, complemented by user fees, consistent with protecting the poorest citizens, especially in tertiary education.
- Reducing reliance on local borrowing for the capital program, and replacement with greater use of external official financing.

Initiating dialogue at the level of CARICOM to move towards tax convergence, particularly with respect to reduction, simplification, and synchronization of corporate and income tax rates. If the investment regime is sufficiently open, growth related revenue increases would offset anticipated revenue losses from further trade liberalization.

A continuing, but thoroughgoing programme of public sector reform aimed at improving the capacity of the public service.

Through full or partial privatization of government-owned institutions, a maximally-sized public sector investment programme (PSIP) which would be more than adequate to support long run private sector development, while still maintaining tight fiscal policy, could be implemented.

Tourism and other productive sectors

Export sector growth would be the critical determinant of macroeconomic stability, by mitigating pressures on the external accounts; while ensuring steady revenue flows for efficient public service delivery. In Barbados’ case, competitiveness in tourism is key to long run macro stability.

Economic Infrastructure

The soundness of infrastructure provision in Barbados would be promoted by the policy commitment to reducing input costs in the economy to achieve competitive pricing and international standards of utility services. This had implications for improving fiscal policy and the overall public sector savings balance, and the use of privatization and/or corporatization as institutional arrangements for achieving greater efficiency in infrastructure services. For core central government, economic infrastructure, such as roads, health and education, cost recovery measures consistent with norms of social equity, ability to pay, and protection of the most vulnerable members of society would be explored.

d) Financial sector

The macroeconomic underpinnings of a sound financial sector in the Barbados economy are:

- tight fiscal policy with little or no crowding out of private sector access to domestic financing on competitive terms;
- tight monetary policy which complements fiscal policy;
- strong internationally acceptable prudential banking regulations to mitigate risks;
- continued attention to the key underpinnings of the fixed exchange rate, viz. tight fiscal and monetary policies;
- more public awareness of the promotion of the NIR as the country's real savings account, and the implications of this for sound domestic credit policies.

Human resource development

Creation of a social compact with the central objective of linking employee compensation to productivity, encouraging price restraint by the business sector, and the avoidance of erosion of incomes through excessive taxation, and the containment of the costs of government services. The initial protocol was central to labor market efficiency. The establishment of the National Productivity Council (NPC) emphasized the focus on the competitiveness thrust and productivity promotion.

The efficiency and effectiveness of public expenditures in education and health as key factors in human resources development. In particular, regular analysis was to be carried out of the impact of these expenditures on key indicators of HRD such as health improvement, and education

e) Environmental protection

Since macroeconomic stability in the Barbados economy rests heavily on the sustainable use of the natural resources of our climate, beaches and the social ambience, to generate revenue from tourism, thereby providing the main direct and indirect source of fiscal soundness and balance of payments viability. Environmentally sound tourism developments would be emphasized.

What have the successive BLP administrations done since 1994?

We have heard it said, more than once, that the administration that came to power in September 1994 had to play the hand that the previous DLP Government had dealt it. In that regard, the situation was no different from other administrations. Every government has had to play the hand that the previous incumbent has left on the table. But in 1994 it was a good hand! How else can the 4 per cent increase in GDP be explained? Surely not based on a three-month effort by a group of neophyte ministers hastily cobbled together when many

of the more experienced old hands declined to actively serve. We know that politics is concerned with the manipulation of symbols, which explains why the early months of the new BLP administration were consumed with fulfilling the election pledge of kicking the IMF representative out of Barbados. We must understand, too, that part of the hand that the BLP administration was left to play included the goodwill and rapport that senior non-political officials had built up with the local private sector, international capital providing institutions, the labour movement, and multilateral development agencies, that provided assurance that the potential damage that a collection of policy-making novices could do would be carefully contained. Thus, the new Government that was able to draw on the second tranche of the Bankers Trust financing arrangement in December 1994, when the international capital market was rapidly closing to all developing country borrowers?

The current BLP administration claims that its hallmark is good economic management, although the only evidence of this is to be found in broad aggregates, such as the growth of the GDP, the size of our international reserves, and the reducing level of unemployment. While the avoidance of gross errors and erratic behaviour by decision-makers can contribute to a climate in which productive activity will flourish, much depends on the stability of public institutions. Indeed, the reliability of such institutions allows the public to remain calm in the face of intemperance and wavering by political decision-makers. This suggests that the focus on a single individual as the fount of all economic wisdom in a small country is likely to be misleading and inappropriate. In any event, what matters is how quickly and effectively good decisions are implemented. A major inhibiting factor can be the failure of politicians to realize that their role is that of a policy-maker and not a manager. This has led them frequently to engage in the micromanagement of operational activities with disastrous effect.

What has been the record of project development and implementation under the Arthur administration? The answer must be uncertain and questionable at best. A good example of the indecision that has confounded the BLP administration is the seven-year delay in implementing the rationalization process in the sugar industry that we started in 1993. A major factor contributing to indecision and delay is the attempt by ministers to take control of areas of implementation in which they have no competence. It is inevitable that the primacy of politics in a small society in which the minister plays a highly visible should lead to a failure to distinguish between policies and implementing decisions. The unfortunate result is that multilateral development agencies have experienced considerable difficulty in reaching agreement with the Government on the definition of projects and programmes, the terms of their financing, and the conditions of their implementation. Indeed, it is regrettable that after thirty years or more of membership on these institutions the Government of Barbados is unable to obtain a regular annual flow of commitments from these institutions. Thus, in recent years the Government has become a net contributor to these institutions because the payment of commitment fees, interest charges and principal repayments on existing loans, as well as mandatory contributions to their capital resources exceed the amounts received in annual disbursements.

Shortly after his assumption of office, Prime Minister the Rt. Hon. Owen Arthur met with the President of one of the multilateral banks and declared that he was not interested in

individual projects but in developing a long-term beneficial relationship. How beneficial the current relationship with that institution may be is open to question when two years after signature of the loan contract, no action has been taken to utilize the finances provided for the Solid Waste Disposal project, although the Government continues to pay commitment fees on that loan. It should be noted, too, that some operations like the Bridgetown Port Expansion project have taken twice as long as the normal two-year period for preparation and the loan approval process has not yet been completed. Other operations like the South Coast Sewage Disposal project have experienced significant cost over-runs, but it is unlikely that the Government can obtain additional financing from the lender unless it is prepared to undertake significant upgrading of the institutional capacity of the agency which will be required to manage the system.

We must guard against the failure that stems from an unwillingness to accept the discipline required to undertake actions to secure the implementation of activities whose objectives we profess to embrace. Any government that permits a credibility gap between word and action to become endemic cannot endure for long. That gap between form and substance can become very difficult to bridge, for example, where only sporadic consultation takes place with the business sector. The one held recently to elaborate proposals for responding to the current crisis stemming from the destruction of the World Trade Center's twin towers, and the damage to the Pentagon may prove to be worse than useless if the Government's proposals have not been adequately prepared.

The Social Sectors

A holistic approach to development requires the practitioner to measure a country's performance not merely by looking at its rate of growth of output and employment but by subjecting some of the softer factors that account for its quality of life to a critical analysis. Thus, a true measure of economic and social performance would have to discount the "good" elements in growth by any "bad" features such as social and environmental decay. In this regard, we should examine what is happening in such areas as crime and violence, in morbidity and public health, and in the quiet enjoyment of the use of the country's physical amenities by all its citizens. No one can be unaware of the serious problems that confront our young people, through gang warfare, drug use, and social deviance. The efforts of Democratic Labour Party to bring public attention to possible solutions in this area through its Crime Policy Document released last year have met with hostility from the Government, and for that reason, lack of interest by the public but I remain convinced that a key mechanism for reducing the incidence of crime and violence is active community participation and the restoration of the rightful place of families in community life. I am optimistic that with the support of external agencies such as the IDB, which has recently approved a loan for the reform of the justice sector enlightened programmes will be developed and implemented.

The deterioration of our only acute care facility, the Queen Elizabeth Hospital is evident to all who are required to use its services. The equipment failures in the dialysis unit are only the most glaring manifestation of institutional decay. There can be no doubt about the extent of ministerial incompetence when it has taken more than five years to create new alternative management arrangements. In this situation it is the poor who cannot use

alternative privately funded facilities, whether in Barbados or abroad that suffer. Let me say, however, that I offer my best wishes for success to the new Minister of Health Dr. Jerome Walcott. {Two of my children and one of my nephews are medical doctors!}

The problem of aimless and endangered youth

The public of Barbados seems to be unaware, or indifferent to the fact that an important segment of our population, those between the ages of 15 and 49, is facing “a deadly scourge (that) lies beneath the “tropical tranquility” of Barbados – HIV/AIDS, in the words of a recent World Bank document (See World Bank, HIV/AIDS in the Caribbean: Issues and Options, Report No. 20491-LAC, June 2000). That report noted that Barbados, along with Haiti, the Bahamas, the Dominican Republic, and Guyana have generalized epidemics, meaning that HIV has spread far beyond the original subpopulations with high-risk behaviour, and 5% or more of women attending prenatal clinics are infected (c.f. page 8). Indeed, Barbados ranks at number 3 behind Haiti and the Bahamas in prevalence rates in Latin America and the Caribbean.

The World Bank report noted that among the factors that have contributed to the rapid spread of HIV/AIDS in Barbados and the rest of the Caribbean can be included a prevailing sense of machismo that condemns many men to engage in high-risk behaviours such as having early and frequent sex with multiple women. But the report also highlighted the contribution of economic and political conditions that sometimes induce men, women, and even children to become commercial sex workers in order to survive, and pointed out that tourism dependency plays an important role in this regard. It noted, too, that drug use can be both a contributory and predisposing factor.

Political leaders have an important role to play in sensitizing their constituents to the looming calamity portended by the serious impact that HIV/AIDS can have on national development. Barbadians have been promised that an abatement programme, which will be coordinated through the office of the Prime Minister, will be high on the list of national priorities, but I feel that there are serious problems of credibility that must be addressed. The Prime Minister obtained the international financial support that he was seeking for this programme at the end of June of this year, when the World Bank approved a loan to the Government in the amount of US \$15.5 million to support a programme of prevention and control of HIV/AIDS transmission, and diagnosis and basic care and support of individuals affected by HIV/AIDS.

Up to now the message emanating from the Government at the highest level has focused mainly on the issues of financing the HIV/AIDS initiative. Dealing with HIV/AIDS in Barbados is a national emergency, and our success will depend on government commitment at the highest level and multiple partnerships at all levels with civil society and the private sector. Such commitment must be demonstrated through a decentralized and participatory approach to guide the HIV/AIDS programme on a national scale, and through appropriate leadership, will encourage the life-style changes among our young people that are critical requirements for reversal of this major health threat. This is a powder keg that is lurking below the surface of the apparent tranquility of our Barbadian paradise. The time to defuse it is now!

Let me summarise a number of issues that are high on the agenda for equipping Barbados to become a viable Twenty-first Century democracy. These are :

- A full, open, and informed dialogue among all stakeholders about the type, degree, and pace of change that will enable Barbados to become a market-oriented economy, whether of the full-blown capitalist model, or some variant that is more attuned to the realities of a small socially cohesive society.
- How to change the role of government from being a controller to that of an enabler.
- How to liberate politicians to become policy-makers rather than micromanagers.
- How to improve the capacity of senior civil servants to analyse the possible consequences of alternative policy options; manage the implementation of decisions; evaluate and report on actual consequences; and maintain courage and integrity in managing the interface with their political masters.
- How to maintain quality and coherence in policy making and programme implementation processes in government, in relation to development strategy, particularly in relation to poverty alleviation, private sector development, encouragement of foreign investment, and in the areas of crime and violence abatement, the maintenance of law and order.
- How to ensure the development of human and organizational capacity in a manner that can benefit from participation in the new economy that emphasizes the adaptation to burgeoning information technologies.

Gladstone Bonnick is a person for whom I have always had a great deal of respect. I can do no better than to conclude this presentation by leaving you with a quotation from his Report to which I referred in the earlier section of this presentation:

From experience, experts agree that there are two (other) severe problems facing the implementation of a new strategy: A limited capacity to manage change, and a gap between talk and action...There is need to promote willingness to change at levels of society, specifically toward AN ATTITUDE OF INTOLERANCE TO POVERTY (Emphasis mine). The media, academics, private sector, and the citizenry must press their Governments to act. While development cannot be left to governments alone, political leaders must take the initiative in a holistic development in which citizens and their community organizations are consulted, and in which the private sector can pursue economic activities within a clear and stable policy environment. The region must continue to search for new ways of collaborating to overcome the impediments of small size and lack of resources.

