

**Remarks by the Honourable Winston Dookeran, Minister of Finance
Economic Commission for Latin America and the Caribbean (ECLAC)
Hyatt Regency Trinidad
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Thank you very much. I am honoured to be here today to share this platform with President Jagdeo and our Prime Minister and to also be among so many distinguished members of the audience who have come from so many professional backgrounds. I would like to say a special welcome to Trinidad and Tobago. Supporting what the Prime Minister said earlier on we have been looking forward to this Round-Table with the hopes of creating a new sort of thinking that will shape our responses to the current situation that we are all facing. Within recent times, we have seen a change in the vocabulary, which described the economic space of our global economy.

Not too long ago, there was the prospect of the global economy reemerging, but now we have seen the words like contagion; we have seen the words like volatility; we have seen the words like uncertainty in the air once more. For us in the Caribbean, we are not unaccustomed to these developments. Over the years of our history, we have been able to respond to these situations in order to provide that sense of stability for our society and the prospect of continuing progress for society. It has been a major uphill task, and in the case of our country, Trinidad and Tobago, we have had to face up to these external shocks- sometimes by modifying the internal policy responses; sometimes by creating new buffers, in order to insulate ourselves against the continuation of such external shocks and sometimes by ensuring that our macro-management of the economy remains stable. Essentially, these were the measures put in place to respond to external shocks.

In the case of our own country, Trinidad and Tobago, the risks we face are beyond financial. They are risks that also emanate from the structural aspect of our economy...based on our energy resources at the expense of serious diversification efforts. We come here to join with many thinkers to see how we can have a sustained response over time within a context that will provide resilience and stability. This way, we will be in a better position to handle external shocks in the future. This is why I believe that this particular roundtable is critical. It is critical to search for that new approach in dealing with external shocks....What are the requirements of our policy changes? What are the requirements of building the buffers of our country?

In Trinidad and Tobago, we had put into place some time ago a Heritage and Stabilisation Fund (HSF). Today, it accounts for about 20% of our GDP. This is still relatively small, but significant as a means to protect us against the possibilities of being caught 'flat-footed' in such a dynamic world. We have also been able to ensure that there is a careful balance between the emergence of a fiscal deficit on one hand and debt profiling on the other. This has always been a challenge and it has manifested itself in Europe and to some extent in the United States. Usually, when large and strong economies cannot manage their fiscal deficit and the debt profiling, small economies like ours may feel insecure. Information was brought to me earlier today on the high unemployment levels in Europe. This happens when you don't pay enough attention to your balance sheet...one must ensure that it adds up in the end. These situations must open up our

minds in asking the question...how can we be resilient for tomorrow's world? That is why I believe the single most important issue that we are facing in the region is the setting up a new integration model.

In the 1960s, there was a tremendous effort in the Caribbean in designing an integration model. Many scholars from the University of the West Indies and elsewhere came together and developed an entire programme of structural change; an entire programme of resource-based integration; and an entire programme for trade integration and financial integration. That was many years ago, but the work that was done then, perhaps should be revisited at this turning point in our search for a new integration model. Many of our integration efforts have faltered. Many of our institutions that are engaged in this effort have not lived up to expectations. Many policies we pursued did not have the required political will to make it happen. We can no longer afford the luxuries of this trend...The time has come where we as a region must look at setting up a new integration model. What are the pillars of this new model? What collaborations must take place? What are the necessary institutions? These are all questions I know we are asking ourselves. We have had many institutions emerge over time- the Caricom Secretariat, the Caribbean Development Bank, the OECS, and the Association of Caribbean States and others... They are all engaged in the objective of the Caribbean Integration Process. Perhaps now is the time to converge their functions and mandates so that we can harness the energy of these institutions with a new sense of commitment to shaping that future. Searching for the new integration model is the rationalization of the mandates of the different institutions. Each organization has their specialist area of competence but none seem to work within a coherent whole of what we would like to see happen with integration. We have therefore found that the integration model first proposed in the 1960s and 1970s have somehow eluded us.

Apart from setting up the new integration model for the region, perhaps we must revisit some of the issues of –what I refer to as- drilling down for development. This simply means that we cannot be preoccupied largely with policy prescriptions. Policy prescriptions are indeed important and there must be consistency with same. However, what we need to do now is go beyond policy development and engage once more in the development of endogenous economic growth. Endogenous economic growth will allow us to sustain development of the past.

My second area of concern is the development of economic theory behind the integration movement. As we develop the nuts and bolts, we also have to develop a new set of initiatives for endogenous economic development. One area that comes to mind very easily is the question of the Caribbean stock market. And therefore, in this new era where we encourage cross border investments, we can perhaps devise the institutions to promote this. There have been results in many different countries in their own stock market developments but we need to set up the institutions that allow the mobility of capital not only within the region but also between the region and elsewhere.

Endogenous economic growth requires us to go beyond the institution and into mobilizing an execution plan. To some extent we have not succeeded in making things happen as fast as we would like it to. And therefore, the science of execution has become a very important area of enquiry for us. In drilling down for development we must consider these issues. To do so, we must clearly look at the social fabric of our society – to ensure that we can deal with the issues of

poverty and the cycles that generate poverty as opposed to just the symptoms. These are fundamental issues that institutions like ECLAC have traditionally been engaged in.

The other area that I would like to touch on very briefly is the issue of policy coordination and not only within the CARICOM region but indeed among the Central American and Latin American region as well. There is hope for more policy coordination and particularly in the area that will bring about a sense of synergy between us. Certainly with some of the large resources available to our neighboring countries like Suriname and Guyana –in terms of land- and other resources from other countries...in that aspect we should certainly look at that aspect of policy coordination. These are not new agenda issues that I have referred to but they have been well articulated over the region's history. These are issues that have come back to the fore and it is therefore necessary to bring them back to the table.

I am very pleased that President Jagdeo is here. He has been a strong verbal advocate for environmental sustainability and this is something that we should not ignore in our risky environment. We must therefore learn from President Jagdeo's advocacy of this area in which he has been recognized as a Caribbean leader.

Before I end, I must say that we cannot ignore the politics of development. We cannot ignore the voice that we must have in the institutions that make world decisions. The world is in a state of rebalancing. The China-Caribbean Economic Cooperation Forum, which takes place right here as we speak, is a reflection of the strategic repositioning of countries like China in Latin America and the Caribbean. We must ensure that we can benefit from the strategic positioning by having our own agenda that must be satisfied in the process. Our decisions must be heard at world councils where decisions have to be made in this regard. Recently, in my capacity as Minister of Finance, I have been urging for a new diplomacy in international affairs for Small States. I have been arguing that small states must go beyond a technical presence in our international institutions. It must go beyond a concern expressed for our immediate problems. Perhaps, we might want to review the way Small States are represented in the international financial institutions. Some of us have found ourselves in an appendage relationship with a larger country, which doesn't necessarily represent a common interest. We may therefore have to look at the restructuring of the international financial institutions to ensure that ALL small economies can find their rightful place in the decision-making process.

So, we must not ignore the politics of development and international developments at this time and one cannot anymore distinguish between the technical aspects of development and the political requirements for such developments to take place. It is in that context that we closely link politics with development. Many of our research institutions have stayed away from that challenge for obvious reasons... But it is time to redefine that challenge in a way that the obstacles to development are also addressed. If not addressed, we may end up with technical solutions that are rigorous on paper but ineffective for the lives of the people in our country.

Those are some of the issues that I'm sure you will discuss during the course of the day in this extraordinary event that has been set up by ECLAC. I would like to congratulate ECLAC on this initiative that started with a discussion we had in Canada for a different beginning and a clean approach to determining what ECLAC can do. To date, ECLAC has had an enviable tradition.

We in the Caribbean have joined in this effort to shape the development strategy of Latin America. So this conference is taking place in my view –not only at an appropriate time-but at a necessary time, for we cannot exclude the need to find a new direction in different areas of economic ties and use this opportunity to work with existing institutions in order to shape the responses for the Caribbean. So today, I am happy to be here to share these thoughts with you and to hear what u have to say and learn from this experience. I thank ECLAC once more for making this a possibility as we embark once more in developing a new integration model for the Caribbean region... Thank you.