UN ECLAC/CDCC

- Antigua and Barbuda
- Aruba
- Bahamas
- Barbados
- Belize
- Br.Virgin Islands
- Cuba
- Dominica
- Dominican Republic
- Grenada
- Guyana
- Haiti
- Jamaica
- Montserrat
- Netherlands Antilles
- Puerto Rico
- Saint Kitts and Nevis
- Saint Lucia
- Saint Vincent and the Grenadines
- Suriname
- Trinidad and Tobago
- U.S. Virgin Islands

GENERAL
LC/CAR/G.376
30 September 1992
ORIGINAL: ENGLISH

OVERVIEW OF ECONOMIC ACTIVITIES IN THE CARIBBEAN

-1991-

UNITED NATIONS
ECONOMIC COMMISSION FOR LATIN AMERICA AND THE CARIBBEAN
Subregional Headquarters for the Caribbean
CARIBBEAN DEVELOPMENT AND COOPERATION COMMITTEE

CONTENTS

List of Tables

List of figures

GLOBAL DEVELOPMENTS

Table I

OUTPUT <1>

	1987	1988	1989	1990	1991
Global Output	3.5	4.4	3.3	2.2	0.9
Industrial countries	3.4	4.5	3.3	2.6	1.3
U.S.A.	3.4	4.5	2.5	1.0	-0.3
Japan	4.3	6.2	4.7	5.6	4.5
Developing countries	3.8	3.9	3.2	1.0	-0.6
Newly Ind. countries	12.2	9.6	6.3	6.7	6.2
Latin America	2.4	0.2	1.4	-0.9	1.2
Debtors<2>	2.8	1.2	2.3	-2.1	-2.0

Source: I.M.F. World Economic Outlook.
<1>Annual changes in real GDP, in percent.
<2>Countries experiencing recent debt service problems

Global output[1] grew very slowly in 1991, the lowest rate of increase since 1982, when it was 0.5 per cent. This marginal increase has to be seen in the context of an average growth of 3 per cent over the period 1981-1990 and an average growth of 4.1 per cent for the period 1971-1980.

Industrial country growth continued to be positive, recording the ninth consecutive year of expansion, though the rate of increase has been falling since 1988. Declining output in the United States, the United Kingdom and Canada has not been sufficient to nullify continued strong growth in Germany and in Japan. Nevertheless, even in these countries growth was slower than in the previous year.

Output in the developing countries, taken as a group, was negative for the first time in at least 15 years. This is in part due to a change in definition, where the grouping comprising the former Soviet Union and Eastern Europe is now classified with the developing countries. Together, these economies declined by almost 11 per cent, Eastern Europe alone declining by 12 per cent.

---

[1] As measured by real Gross Domestic Product.

The decline was caused by reduced demand in the former Soviet Union and disintegrating organizational and institutional mechanisms through which traditional economic policies had been conducted. The collapse of the Council for Mutual Economic Assistance (CMEA) and the trading relationships which were conducted through that mechanism, are estimated to account for about one-third of the overall contraction. The other main area of contraction was the Middle East, due to hostilities and war damage in Kuwait and Iraq, and consequently for the region as a whole, economic dislocation, reduced trade and the costs of relocating refugees.

Africa recorded an increase of slightly over 3 per cent, just sufficient to increase per capita incomes, which fell in 1990. Output in Asia declined slightly, to 5 per cent. Countries experiencing debt-servicing difficulties recorded declining output for the second consecutive year.

Latin America resumed growth, at 3 per cent, after contraction in 1990. Per capita output registered its first improvement in four years, though at less than 1 per cent it was restored only to its 1977 level. Performance of the region as a whole was good, the overall picture being clouded by recession in Brazil, Nicaragua, Honduras and Peru. The remaining economies grew on average by 4.5 per cent. Improved growth performance was due in part to the progress being made by many Latin American countries to stabilize their economies. It was also due to the positive effects of reduced international interest rates on their import capacities and on output. Reduced interest rates provided a measure of relief for the considerable debt-service burden experienced in previous years. It also stimulated increased capital inflows, so that the region experienced a positive transfer of resources for the first time in 10 years. Despite stagnating export earnings, these factors worked together to increase the import capacity of the region and to stimulate output.

Inflation increased in most regions in 1991. For the developed countries as a whole it remained unchanged, although Japan and Germany showed slight increases. Inflation decreased for the developing countries in aggregate, mainly due to Latin America, where notable strides were made to contain inflation. The weighted average of the growth in consumer prices in that region, which stood at 1200 per cent in 1989 and 1990, declined to 200 per cent in 1991. Moreover, it showed a further downward trend towards the end of the year. The most notable progress was recorded in Argentina, from 1344 per cent in 1990 to 91 per cent for the survey year as a whole and less than 1 per cent per month by year end. Peru was down from 7658 per cent in 1990, to 186 per cent for 1991 and 4 per cent per month by end 1991. Nicaragua also made significant progress from 13500 per cent which was recorded in 1990, down to less than 3 per cent per month by end 1991. Brazil, however, recorded 1585 per cent overall for 1991, showing

Table II

INFLATION AND INTEREST RATES<%>

	1987	1988	1989	1990	1991
Inflation<1>					
Industrial countries	3.0	3.3	4.0	4.1	4.1
U.S.A.	3.1	3.3	4.1	4.1	4.0
Developing countries	32.1	53.0	79.9	91.0	58.7
Newly Ind. countries	1.8	4.3	5.1	6.4	4.5
Latin America	131.3	286.2	533.4	769.8	154.3
Interest rates<2>					
Industrial countries	8.0	8.1	8.1	9.0	8.1
U.S.A.	8.4	8.8	8.5	8.6	7.7

Source: I.M.F. World Economic Outlook.
<1>In percent.
<2>Long term interest rates, in percent.

increasing monthly rates by the end of the year.

The strong reductions in inflation in Latin America outweighed increases recorded in Eastern Europe, where inflation increased from 36 per cent in 1990 to 110 per cent in 1991, and in Asia and Africa, where smaller increases were also recorded.

Long-term interest rates fell slightly in 1991, influenced by contained inflation and weakening performance in some of the major economies.

The influence of economic performance on interest rates was more clearly seen in the movement in short-term interest rates. These fell steadily throughout the year in the United States, as the administration attempted to stimulate an early economic recovery, prior to an election year. Declining rates also were evident in Canada and the United Kingdom. Similar trends were noted in Japan, for although the economy continued to grow, a deceleration in monetary aggregates and reduced inflationary pressures provided the rationale for cuts. In Germany, the converse was the case, as the authorities attempted to contain the possible adverse effects of the huge expenditures necessitated by unification.

The volume of world trade increased by 3 per cent, the smallest increase since 1883. The value of trade grew at an even slower rate, by 1.5 per cent. This follows a jump of 13.5 per cent

Table III

WORLD TRADE INDICATORS<1>

	1987	1988	1989	1990	1991
World Trade Volume	6.5	9.1	6.9	4.3	3.0
Export volumes					
Industrial countries	5.2	8.6	6.6	5.9	2.3
Developing countries	9.1	10.1	4.6	-0.7	-4.1
Import volumes					
Industrial countries	7.2	9.0	7.9	5.2	1.7
Developing countries	5.9	9.8	6.8	3.4	-1.9
Export values<2>					
Industrial countries	0.9	2.0	5.2	2.4	-2.2
Developing countries	-0.4	-1.9	9.0	3.1	-1.7
Import values<2>					
Industrial countries	0.1	0.5	5.3	2.9	-2.9
Developing countries	-2.5	2.2	7.1	-0.4	0.3
Terms of trade					
Industrial countries	0.8	1.5	-0.2	-0.4	0.8
Developing countries	2.1	-4.0	1.8	3.6	-2.0
Fuel exporters	12.8	17.4	11.7	13.5	-5.9
Non-Fuel exporters	-0.6	-0.4	-0.3	1.2	-1.0

Source: I.M.F. World Economic Outlook.
<1>Annual changes in Percent
<2>In S.D.R. terms

in the previous year. Yet global trade continued to expand faster than output. Indications from the latter half of 1991 suggested that a modest recovery was under way, which would benefit performance in 1992.

For the industrial countries, the growth in the volume of imports and exports continued to be positive, though the rates were much lower than in the previous year. The value of both imports and exports, however, declined. This was due in part to declining commodity prices, mainly oil, and to reduced inflation.

The leaders in trade growth remain the Newly Industrialized Countries (NICs) of Asia, experiencing growth rates of 10-20 per cent in the value of exports and 8-30 per cent for imports. Conversely, the former Soviet Union and Eastern Europe group recorded declines of 20 per cent in export values and a 20 per cent fall in imports. In Latin America, export values stagnated, due to reduced unit values, since volumes increased by 6 per cent. Despite this, imports increased, due to capital inflows, reduced payments on profits and interest and trade liberalization policies. As a consequence, the customary high trade surpluses of the last two years were reduced by one half.

For developing countries overall, export and import volumes however, declined as did export values, though import values increased slightly. As a consequence, the terms of trade improved for the developed countries, but declined by 2 per cent for the developing ones. Greatest terms of trade losses were suffered by the fuel exporters.

Table IV

BALANCE OF PAYMENTS ON CURRENT ACCOUNT<1>

	1987	1988	1989	1990	1991
Industrial countries	-54.8	-52.4	-81.6	-97.5	-33.7
U.S.A.	-160.2	-126.2	-106.3	-92.1	-17.6
Japan	87.0	79.6	57.2	35.8	62.7
Germany <2>	45.9	50.5	57.2	47.9	-8.1
Developing countries	13.4	-11.3	-19.0	-24.6	-103.8
Newly Ind. countries	31.5	29.1	24.6	15.8	7.1
Latin America	-8.5	-10.0	-6.9	-6.9	-18.1
Debtors<3>	-16.5	-21.8	-15.7	-10.4	-38.6

Source: I.M.F. World Economic Outlook.
<1>Includes official transfers
<2>Data to June 1990 relates to West Germany only
<3>Countries experiencing debt service problems

These trends were reflected in the balance of payments. The current accounts of the developed countries improved, while those of the developing countries worsened. Notable shifts in the former category were the United States where the current deficit was significantly reduced. This was due to improved merchandise trade performance as exports grew by 7.5 per cent, while imports declined. Significant inflows were also received in the form of transfers from the Middle East, Germany and Japan, to meet the cost of the Gulf War. Germany recorded a deficit on current account, due to the direct costs of reunification and the effects on the money supply and transfers to the United States and the former Soviet Union. Japan almost doubled its surplus.

Among the developing countries, the reduced surplus of the NICs reflected a faster growth in imports, Hong Kong up 21 per cent, China up 19.5 per cent and Korea, up 17 per cent, all due to strong domestic demand. A substantial current account deficit was recorded in the Middle East, due to the decline in oil prices, the costs of reconstruction and transfers to the United States to meet war costs. Finally deficits in Eastern Europe and the former Soviet Union remained high, though they contracted marginally from the previous year.

Table V

LATIN AMERICA - RESOURCE FLOWS AND DEBT

	1987	1988	1989	1990	1991
Net capital inflows<1>	15.4	5.5	9.6	18.4	36.0
Net Payments	31.4	34.3	37.9	34.4	29.3
Transfer of Resources	-16.0	-28.8	-28.3	-16.0	6.7
Total External Debt<1>	427.6	420.9	420.4	435.4	426.3
Debt service ratio<2>	30.4	29.0	28.6	24.8	22.3
Oil exporters	27.8	29.1	27.5	22.5	21.3
Non-oil exporters	32.9	29.0	29.5	27.1	23.3

Source: ECLAC, Preliminary Overview 1991
<1> In billions of U.S. dollars
<2> Interest as a percent of exports of goods and services

In Latin America the merchandise trade surplus fell from US$30 billion in each of the previous two years to US$12 billion in 1991. The value of merchandise exports held steady from the previous year although export volumes were up by 5.6 per cent, since unit values fell by almost 6 per cent. At the same time, the value of imports increased by 19 per cent, reflecting increased volumes of imports for the second consecutive year. The current account deficit, which had been contracting, widened in 1991, to over US$17 billion, as a consequence. Capital inflows were double those of the year before, accruing mainly to Mexico, Argentina and Venezuela, although capital flows to Brazil were negative. They were also negative in Chile, due to large debt repayments and reduced yields on short-term deposits.

Capital flows to Latin America were mainly private, foreign investment related to privatization in Argentina, Mexico, Venezuela and Chile, while some countries sold bonds abroad. There were also short-term capital inflows, encouraged by favourable yields in Latin America and some repatriation of assets to provide working capital for enterprises.

The overall debt contracted slightly, due to the application of appropriate domestic and external policies. In the latter category, notable developments were the forgiveness of bilateral debt by the United States to seven countries; the appreciation of the United States dollar having the effect of reducing debt in European currencies and access to various types of non-debt financing. Debt servicing, nevertheless, remained a serious structural problem for the region, with a debt/export ratio stabilizing at 300 per cent for the third consecutive year.

Reserves of the developing countries were estimated to have increased by US$40 billion. The distribution of these reserves has, however, changed, from the previous pattern where the main beneficiaries were the NICs. The new beneficiaries in 1991 were in Latin America, mainly Argentina, Chile, Mexico and Venezuela, and in Asia, notably China, Indonesia and Singapore. Reserves fell in Korea, due to heavy domestic demand and in the Middle East, as a result of hostilities.

A major policy issue which surfaced in the year under review was the expected increased demand for world savings. New and substantial demands would be placed on savings to meet the costs of reconstruction in the Middle East, to complete the reunification of Germany, and to facilitate the economic restructuring of Eastern Europe and the former countries of the Soviet Union. To these new demands must be added increased demands from the developed countries, which will require a one percentage point increase in the ratio of savings to GDP to maintain the growth performance of the 1980s. Increased demands on world savings would also be made by the developing countries, especially those suffering from debt repayment problems, which would need to increase the ratio of investment to GDP over the next five years by three percentage points, according to the International Monetary Fund (IMF).

Given the declining levels of private savings over the past decade, the competition for investment funding was likely to be very keen. One policy prescription was to exhort the developed countries to eliminate their budget deficits and liberate savings for more directly productive activities. For these countries, reduced military expenditures and reduced farm subsidies were expected to yield significant and almost equal gains. A second proposal was that they quicken their macroeconomic stabilization measures and structural reforms so as to increase the efficiency of investment as a whole.

These prescriptions also apply to the developing countries, though to varying degrees, if they are to compete for the increasingly scarce investment resources to sustain respectable living standards for their people.

REGIONAL DEVELOPMENTS

Macroeconomic overview

Table VI

PERCENTAGE CHANGE IN G.D.P.
(at constant prices)

	1987	1988	1989	1990	1991
Antigua/Barbuda	9.0	7.7	5.2	2.8	1.6
Barbados	2.5	3.5	3.5	-3.1	-4.1
Belize	12.5	6.6	14.7	8.9	4.2
Dominica	6.8	7.9	-1.1	6.6	2.1
Dominican Republic	7.9	1.0	4.5	-4.8	-0.5
Grenada	6.0	5.8	5.7	5.2	2.9
Guyana	0.7	-2.9	-4.7	-3.1	6.1
Jamaica	7.4	2.9	6.5	4.8	0.2
Netherlands Ant.	-2.9	7.4	1.5	7.7	1.6
Puerto Rico	4.9	6.5	4.9	3.5	2.0
St.Kitts/Nevis	7.4	9.8	6.7	3.0	6.9
St. Lucia	1.5	12.1	4.6	4.0	1.7
St. Vincent	6.4	8.6	7.2	7.1	4.6
Trinidad/Tobago	-4.6	-3.8	-0.7	-0.2	1.8

Source: Derived from national data

The rate of growth of output for the Caribbean countries, as a whole, slowed in 1991 although notable exceptions to this rule were to be found in Guyana, Saint Kitts and Nevis[2] and Trinidad and Tobago. The slower tempo was to be explained by poorer export performance and the consequent contraction required by domestic activities dependent upon it, such as construction, commerce and government activities. In Barbados, output declined for the second year in succession, caused by the contraction of the export sectors, which fell by 4.5 per cent. In those countries where lags in the adjustment of domestic activities to external performance were long, the price of delay had to be paid by policies of even

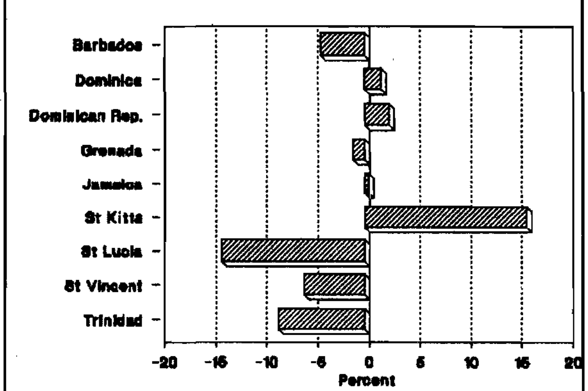
[2] All data for the Organization of Eastern Caribbean States (OECS) countries are derived from the Eastern Caribbean Central Bank (ECCB) and OECS secretariat.

greater severity. In the Dominican Republic output declined for the second consecutive year, though contraction in 1991 was slower than in the previous year. Declining sectors were those producing goods and in construction, basic services expanding by 5 per cent, following a decline of electricity production in 1990.

The agricultural sector in most countries declined in 1991, following an unusually good performance in 1990. Nevertheless, the sector expanded in the Dominican Republic, Guyana, Jamaica and Saint Kitts and Nevis. Significant contraction was evident in Saint Lucia and Trinidad and Tobago and it also contracted, though more moderately, in Antigua and Barbuda, Barbados, Grenada and Saint Vincent and the Grenadines.

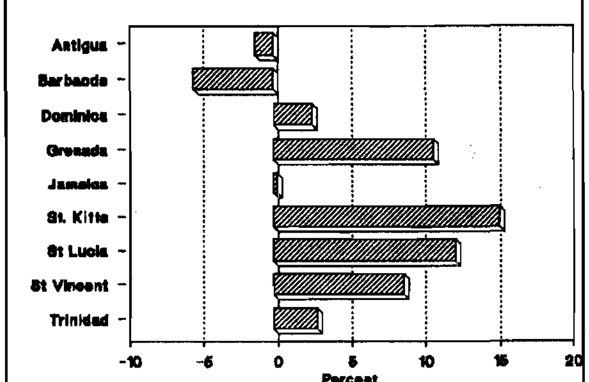
In the OECS banana producing countries, agricultural output either grew slowly, as in the case of Dominica, or declined. In all cases banana output, the main export crop, was lower than in the previous year. Export volumes declined by 19 per cent and export earnings by 16 per cent. The decline was attributable mainly to poor climatic conditions and uncertainty about the future of the banana market. In Saint Kitts and Nevis, the sole sugar producer, output from sugarcane cultivation staged a comeback after hurricane damage in 1989, recovering by 30 per cent after a decline of 32 per cent in the previous year.

Figure 1
AGRICULTURE
Rate of growth of sector-1991



Source: National data.

Figure 2
TOURISM
Rate of growth of Sector-1991



Source: National data.

Agricultural contraction in Barbados was caused by declines in export crops such as sugar, with a production decline of over 5 per cent, cotton and domestic food crops. A similar pattern was evident in Trinidad and Tobago where export agriculture declined by 34 per cent. Sugar output fell by 8 per cent, with cocoa and coffee output falling, by 20 and 54 per cent, respectively. Moderate contraction was also evident in domestic agriculture, which declined by 7 per cent. The agriculture sector in Belize also declined, crop based agriculture by 4 per cent, with exports of sugar, bananas and citrus all falling, although fishing and forestry recorded increases.

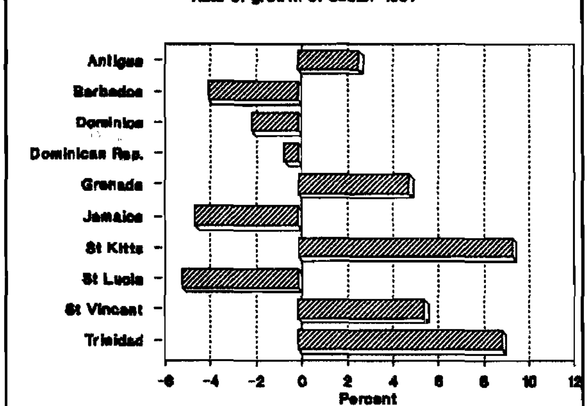
Fairly substantial increases in agricultural output were made in Guyana with the estimated contribution to GDP being up by 10 per cent. Domestic production of sugar and rice increased by 23 per cent and 60 per cent, while export volumes grew by 16 and 6 per cent, respectively. Fresh and processed agricultural products are also estimated to have increased significantly, a sizeable portion of it going for export. In Jamaica, the sector grew marginally. Export agriculture, as a whole, declined. The main export crops, sugar and bananas, recorded increased output, as did coffee, but citrus, pimento and cocoa declined. Domestic agriculture grew by almost 3 per cent. In the Dominican Republic, output of both export and domestic agriculture increased, the former due to sugar, tobacco, up 33 per cent and cacao. Domestic agriculture grew marginally, mainly as result of increased rice output.

Poor performance in tourism was a reflection of the economic slowdown and consumer caution in the traditional tourist sending countries. Yet some Caribbean countries coped with the contracting market more effectively than others. In Antigua and Barbuda, the Bahamas and Barbados, the sector contracted, while modest growth was recorded by Trinidad and Tobago and Jamaica. Growth was also evident in most OECS countries and since it was their other major source of foreign exchange, with bananas, it compensated somewhat for the poor agricultural performance. The rate of increase was, however, slower than in the previous year. Tourism earnings were being compressed, however, as the competition for scarce tourists forced price cutting and the recourse to package deals. In many cases, average room occupancy rates fell. Cruise ship tourism, though not a significant contributor to output, continued to expand in most countries and seemed to provide a more economical substitute to the traditional vacation, in times of austerity. Measures to derive greater earnings from this activity were also under consideration by various Caribbean countries.

Manufacturing output increased, most notably in Saint Kitts Nevis and in Trinidad and Tobago. In the former country, output from the manufacture of sugar, which declined by 40 per cent in 1990, recovered somewhat with 28 per cent growth, helping to bolster the contribution of manufacturing to total output. In Trinidad and Tobago, the sector expanded across most activities, with the exception of manufactures in wood, garments and textiles. Strongest growth was recorded in assembly industries, in food processing and in non-metallic products, such as fertilizers, methanol and cement.

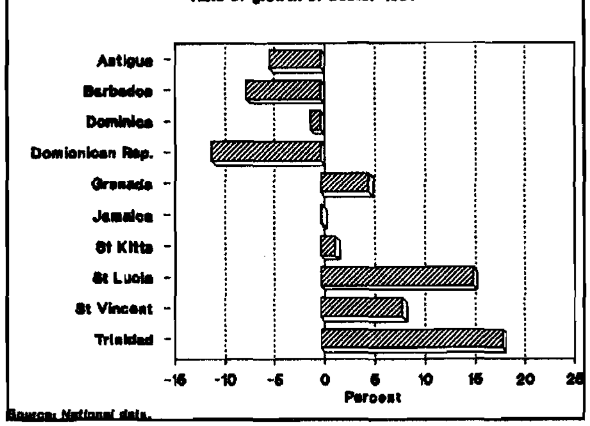
In Barbados, the decline in manufacturing was spread across most activities, the largest contraction being recorded in the manufacture of wooden furniture, garments and electronic components, down 50, 25 and 24 per cent, respectively. A smaller contraction was noted in non-metallic minerals and chemicals and food production fell by less than 1 per cent. In Belize, manufacturing fell by 5 per cent, mainly due to reduced agro-processing and reduced demand for domestic manufactures. The export of garments and of prepared lumber increased. The decline in Dominica was caused mainly by reduced activities in the coconut industry.

Figure 3
MANUFACTURING
Rate of growth of sector-1991



Source: National data

Figure 4
CONSTRUCTION
Rate of growth of sector-1991



Source: National data.

The decline in manufacturing in Jamaica was attributable to its high import intensity and its high dependence on the domestic market. Accordingly, the sector was weakened by a 61 per cent depreciation in the exchange rate and its impact on prices, by a sharp contraction in domestic demand and by high interest rates. Its contribution to employment also fell, by 8 per cent. In the Dominican Republic the sector declined marginally, the production index showing a small increase in food and drink, but contraction was noted in the tobacco subsector, down 11 per cent and in rum production, which was also down by 11.6 per cent. Industrial consumption of electricity increased by 11 per cent following the declines of 1990.

Construction activity remained fairly buoyant, especially in Trinidad and Tobago and Saint Lucia, but more modest increases in the sector were also evident in Saint Vincent and the Grenadines and Grenada. In Trinidad and Tobago, construction was stimulated mainly by increased infrastructure activity, capital expenditure increasing by 116 per cent over 1990, although activity was also strong in the hospitality industry and in transport and communications. Construction growth in Saint Lucia was also driven by public sector spending, mainly on infrastructure development. Private sector activity also contributed, though at a lower rate than in 1990. Construction grew at about the same pace as GDP in Jamaica, that is to say, marginally.

Conversely, the steep decline in the construction sector in Barbados for the second consecutive year was caused by tight liquidity and the flagging economy. This had the effect of reducing private construction; and a freeze on capital expenditure by Government, in the last quarter of 1991 in line with its adjustment programme further contracted the sector. In Antigua and Barbuda, construction activity was affected by an acute reduction in residential building, as a result of the declining economy. The sector declined for the second consecutive year in the Dominican Republic following the completion of large public sector programmes initiated in 1989.

Macroeconomic policies, which were essentially intended to stabilize and increase the competitiveness of Caribbean economies, were pursued with more rigour in 1991, as global economic conditions worsened and export earnings declined. Adjustment was given added urgency as the deadline for the single European market approached and as discussions on hemispheric free trade gained momentum. Fiscal discipline was increased in many countries and credit was contained in order to establish a satisfactory balance between external and domestic performance. In some countries, greater reliance was placed on the exchange rate to achieve adjustment, while at the same time the smaller countries pursued policies which sought to maintain balance in the context of fixed exchange rates.

Most countries did not face a severe macroeconomic disequilibrium in 1991, but in Guyana, the Dominican Republic and Jamaica, where difficulties continued to be experienced in establishing an equilibrium, the exchange rate was allowed to float and the foreign exchange market effectively liberalized. Conversely, in Barbados greater reliance on fiscal and monetary tools was necessary to achieve stabilization, within the confines of a fixed exchange rate.

In the former countries, especially in Guyana and Jamaica where disequilibrium has been chronic for over 15 years, the foreign exchange market experienced some volatility as currencies depreciated, in the case of Guyana from G$45 to G$122 per US$1.00. However, the rate had stabilized by mid-year, appreciating slightly by end 1991. Substantial growth was achieved and an increase in reserves of US$120 million, representing almost four months of imports, was recorded. The debt was reduced by the forgiveness of US$113.5 million in official debt owed to the United States. Capital inflows from multilateral financial agencies have resumed for infrastructural development. The policy of privatization and improved management has improved output in some sectors although inflation remained high.

More modest growth prevailed in Jamaica, where reduced export performance in the tourism and bauxite/alumina sectors dictated a reduction in aggregate demand. This, together with depreciation of the exchange rate impacted negatively on some domestic sectors, such as manufacturing. The exchange rate depreciated from J$8.12 to J$16.8 before the float commenced in September and continued to depreciate, reaching J$21 to US$1 towards the end of the year. Prices rose by over 80 per cent. The eroding external account was due in part to a 25 per cent increase in the money supply (M_1), which occurred during the first six months of the year.

In the Dominican Republic, where the "New Economic Programme" was initiated in August 1990, a measure of stability was achieved. A comprehensive package of fiscal measures was implemented, to reduce the fiscal deficit from 5 per cent of GDP in 1990, to virtually zero in 1991. Interest rates were deregulated and became positive in real terms. The exchange rate was deregulated and achieved a unified rate at 12.74 per United States dollar, a depreciation from 8.65 in 1990. The steep decline in product was slowed and inflation contained to 4 per cent. During the first half of the year, arrears to the international financial institutions were cleared and a Standby Arrangement with the IMF was agreed upon in August.

In 1990 the Trinidad and Tobago economy, having suffered from a marginal decline in GDP in the two previous years, provided a glimmer of hope that expansion might be underway, after six years of contraction, as it expanded by 1.8 per cent. The expansion, in the absence of strong external performance, was made possible by increased domestic activity and took its toll on the foreign exchange reserves, which fell from 5.8 months of cover at the end of 1990, to 3.4 months of cover at the end of 1991. Nevertheless, the fiscal deficit of the Central Government fell to 0.4 per cent of GDP, though the deficit of the state enterprises and public utilities is still quite large and efforts at divestment continue. Inflation and unemployment both fell. The external debt fell to 25 per cent of GDP, though domestic debt increased during the year, resting now at 23 per cent of GDP.

In Barbados, where the disequilibrium was neither as severe nor as protracted as in the three larger countries, an 18-month stabilization programme was implemented in the fourth quarter of 1991. The fiscal deficit was reduced from 9 per cent to 3 per cent of GDP by the end of 1991 and is targeted for 1 per cent by the end of fiscal 1992. Interest rates rose by 2.5 percentage points and net domestic credit was contained to targeted levels by year end. The external debt fell marginally and net foreign reserves of the Central Bank rose by 48 per cent. While there was public outcry at the austere fiscal and monetary policies, these objections seemed to have been contained and price rises, at least during 1991, were restrained to 6.3 per cent. This still modest rate was, nevertheless, double that of the previous year and was accompanied by sharp contraction in most sectors. Unemployment increased from 15 to 17 per cent.

In Grenada, contracting agricultural exports and diminishing revenues, in part due to difficulty in collecting the value added tax, forced Government to constrain its operations in the face of growing debt and the consequent concerns of creditors. As a result, growth which had in the recent past been augmented by government deficits, fell to half the rate of the previous year and more stringent measures would be needed to establish fiscal balance in future.

Sectoral analysis

Bananas

Table VII

BANANA EXPORTS

	Value (US$m.)					Volume ('000 tonnes)				
	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991
Belize	7	8	12	8	7	21	26	31	23	20
Dominica	31	37	24	30	30	61	71	50	57	55
Grenada	4	5	4	4	4	8	9	9	7	7
Jamaica	19	16	19	38	45	34	28	42	61	75
St Lucia	42	66	59	69	54	86	128	126	134	101
St Vincent	18	31	30	41	33	35	62	66	80	63

Source: National data

The banana industry contracted for the region as a whole in 1991. This decline followed steady growth over the decade, which had seen the volume of exports increase by 58 per cent, between 1980-1990. Export receipts declined by 9 per cent in the current survey year, as a result of an 11 per cent fall in the volume of bananas exported. Reduced output was recorded by all producers, with the notable exception of Jamaica, which continued its resurgence since 1988 to record a 20 per cent increase in 1991.

Banana exports, which provide a significant contribution to economic well-being in the Windward Islands, were adversely affected by drought and crop diseases in 1991. Yet, underlying these seasonal factors, other reasons, such as the shortage of labour in Dominica and Grenada and a conscious shift by farmers into other crops in Grenada and Saint Vincent and the Grenadines, were noteworthy. The decline in exports from the Windward Islands was greater than from the region as a whole, volume falling by 19 per cent while the earnings of US$121 million fell short of 1990 performance by 16 per cent. The greatest declines were evident in Saint Lucia and Saint Vincent and the Grenadines, although the decline in Grenada has been continuous since 1988.

The disappointing performance of the industry in Belize was due to drought, following plant disease in 1990, financing difficulties and inadequate irrigation. The potential of the industry, however, remains high and improved port facilities have relaxed a major constraint to increased exports.

The industry continued its steady rehabilitation in Jamaica, with exports being the highest since 1978. In 1991 the quantity exported grew by 23 per cent, with earnings increasing by 20 per cent. Overall output exceeded plan targets, despite the adverse weather conditions affecting the region as a whole. This growth was achieved by improved output per hectare, as well as greater areas under cultivation, the latter also exceeding plan targets for 1991. As a result of this performance, Jamaica increased its share of the preferential United Kingdom market. The quality rating for fruit exported also improved.

Reaction to the uncertainties surrounding the preferential United Kingdom market has varied in the region, from a gradual decline of the industry in Grenada to the ebullience of Jamaican producers, who have targeted a further increase of 46 per cent in area under cultivation by 1993, while at the same time seeking to increase the productivity of existing plantations.

<u>Sugar</u>

Table VIII

SUGAR EXPORTS

	(Value US$m.)					(Volume '000 tonnes)				
	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991
Barbados	36	34	26	34	31	70	68	52	57	53
Belize	31	33	36	43	42	79	75	77	95	94
Dominican Republic	127	123	157	143	132	553	514	491	355	319
Guyana	80	68	73	70	95	205	171	170	129	150
Jamaica	74	92	65	86	93	134	153	132	146	157
St. Kitts/Nevis.	11	12	12	9	11	23	23	22	14	18
Trinidad/Tobago	21	27	31	30		50	55	57	54	49

Source: National data

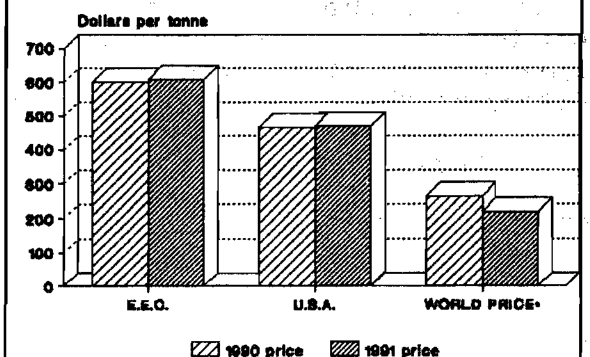
Sugar sector performance was mixed, though exports increased overall by 5 per cent in volume and value for the CARICOM countries. Outstanding performers were Guyana, with 16 and 35 per cent increases in volume and value and Saint Kitts and Nevis, with increases of 29 and 21 per cent, respectively. Both countries were recovering from poor performances in 1990. Increased output in Guyana was due to rehabilitated fields and measures to improve the management of the industry so as to take advantage of preferential quotas which have gone unfulfilled since 1988. Increases in Saint Kitts and Nevis reflect a partial recovery from hurricane damage in 1989, which reduced the 1990 crop by 33 per cent.

In Jamaica, an increase of 7 per cent in export volumes was enough to boost production to its highest level since 1980. The output of the industry surpassed targets, despite adverse weather conditions and processing problems in the largest refinery. The improved performance reflected increased efficiency in the field, and in the refinery and increased area under cultivation, itself the highest since 1980.

Declining exports were recorded for Barbados, Belize, the Dominican Republic and Trinidad and Tobago. In Barbados, total sugar output has been falling steadily, to rest at about 66,000 tonnes, the lowest output in 60 years. This compares with a peak of over 200,000 tonnes in the 1950s. Falling output was partly due to adverse weather and to unsatisfactory field practices, such as sugar cane fires and poor field maintenance. Output of sugar per hectare of cultivated canes has also been falling steadily. Exports were down by about 7 per cent in volume and value.

In Belize the domestic sugar industry performed fairly well in 1991. It recorded an increase in output of almost 2 per cent, to surpass performance in all years since 1983, as a result of increasing sugar yields. Exports fell slightly in volume and value, however, for while European Community prices rose, the preferential sugar quota to the United States was reduced. This necessitated disposal of 28 per cent of total exports to the world market, which suffered from depressed prices, compared to 19 per cent in 1990.

Figure 5
COMPARATIVE SUGAR PRICES
United States dollars per tonne



Source: ESSJ
*Annual average

Sugar output rose in the Dominican Republic, both for crude and for refined sugar, the latter increasing by almost 15 per cent. Export performance was negative, however, earnings declining by 8 per cent, reflecting a decline in export volumes of almost 10 per cent. Output fell short of target in Trinidad and Tobago, by over 20 per cent, to 95,000 tonnes of raw sugar. Cultivation practices and reduced factory efficiency, causing a higher conversion ratio, were both responsible for the decline. In the former case, increased sugar cane fires, a "no-cut campaign" by farmers, the harvesting of immature canes and poor weather conditions were to blame.

The regional industry was disadvantaged by a reduction of 35 per cent across the board in its preferential quota earmarked by the Unites States. The exception was for Saint Kitts and Nevis where the reduction was limited to 10 per cent. While the United States market took second priority to the EC for most producers, the reduction in quota was significant, especially for Belize, which was able to fulfil both its EEC and United States quotas. For the longer term, the quota reduction constrained those countries wishing to increase sugar production, since world market prices were currently well below preferential rates.

Minerals

Table IX

BAUXITE/ALUMINA EXPORTS

	Value (US$m.)					Volume ('000 tonnes)				
	1987	1988	1989	1990	1991	1987	1988	1989	1990	1991
					Bauxite					
Guyana	84	80	77	89	92	1410	1274	1317	1387	1254
Jamaica	116	105	126	103	112	3711	3494	4190	3886	4261
					Alumina					
Jamaica	221	307	432	616	550	1572	1575	2145	2889	3032

Source: National data

Bauxite-alumina production rose for the region as a whole, by about 5 per cent. In both Guyana and Jamaica, total production increased by 6 per cent over the 1990 figure. In the case of Jamaica, crude bauxite output increased faster than alumina output, both of which were up, by 8.6 and 4.7 per cent, respectively.

The world market for alumina and aluminium continued its decline in 1991, with weak demand reflecting stagnating global output. Supply continued to grow, however, so that prices fell. Accordingly, export earnings from bauxite and alumina for the two exporting countries declined by 8 per cent overall. The declines were partly due to earnings from the sale of Jamaican alumina which declined by over 11 per cent, reflecting poorer prices, since export volumes grew by 5 per cent.

Figure 6
TRINIDAD AND TOBAGO
Crude oil production (Barrels)

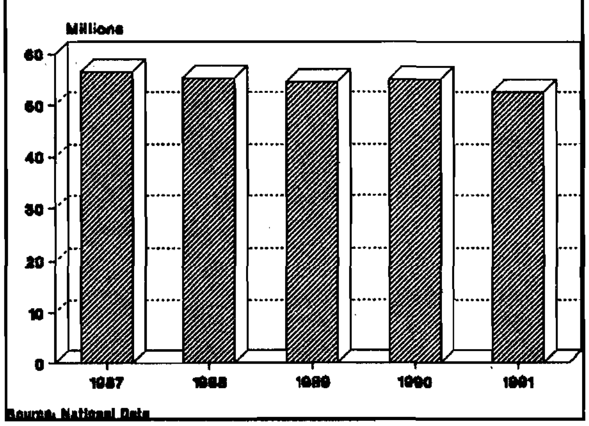
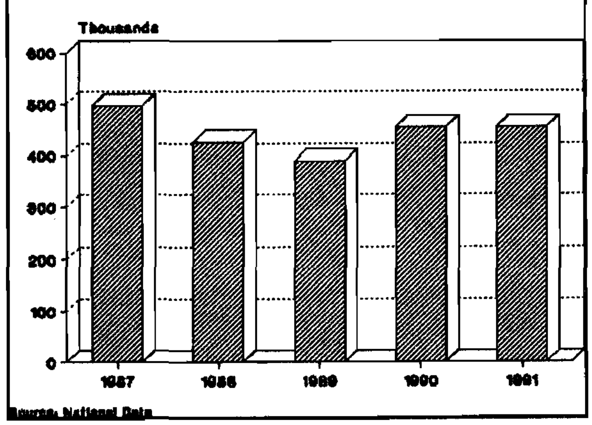


Figure 7
BARBADOS
Crude oil production (Barrels)



The petroleum sector in Trinidad and Tobago recorded marginal growth, increasing its contribution to GDP by 0.3 per cent in 1991. Domestic crude oil production declined by 4.3 per cent compared with 1990 due to the natural rundown of producing wells, industrial unrest and technical difficulties, relating to steam injection processes in the wells. At the same time, drilling activity also declined. Although motor and aviation spirit production declined, the production of diesel fuel, fuel oil and kerosene increased. Fertilizer production increased by 5 per cent. The production and utilization of natural gas also increased, due to more efficient use of vented and processed natural gas and the commissioning of a new plant to recover liquids from the natural gas field.

In Barbados, domestic crude production increased slightly over the previous year, which recorded a 17 per cent jump in an effort by the authorities to compensate for the then high international prices. Local production now accounts for 56 per cent of demand. A number of new wells came on stream in 1991 and estimated reserves have risen. Natural gas production fell by 8 per cent, though domestic consumption increased by 12 per cent as a result of an expanded installation programme.

Tourism

The survey year witnessed a pause in the steady growth in tourism activity recorded in recent years. The Gulf War and its effect upon travel and consumer confidence, and economic contraction in the United States, Canada and the United Kingdom were the main factors. Continued strong performance out of continental Europe, however, helped to compensate for the reduced purchasing power in the major traditional markets.

Over the year, tourist arrivals were low in the January-April period, although arrivals picked up somewhat during the summer. Of greater concern to hoteliers was the fact that the recovery was not sustained towards the end of the year, due to prolonged recession, as the winter months are normally the most profitable.

Despite the picture of contraction for the region as a whole, some of the smaller destinations recorded double digit increases in visitor arrivals, notably Aruba and Grenada sustaining strong performance from the previous year, as well as Saint Lucia and Saint Kitts and Nevis. More moderate increases were recorded by Dominica and Jamaica. The flow of regular visitors to Puerto Rico also increased by about 3 per cent, their expenditures growing by about twice as much. Declines in excess of 5 per cent were recorded by Antigua and Barbuda, the Bahamas, Barbados, Saint Vincent and the Grenadines and the British Virgin Islands. In the latter case, arrivals were discouraged by the closure of Air BVI, from the summer of 1991.

Table X

STOPOVER TOURIST ARRIVALS
(Thousands)

	1987	1988	1989	1990	1991
Antigua/Barbuda	177	195	198	206	182
Bahamas	1480	1475	1575	1561	1427
Barbados	422	452	461	432	394
Belize	99	164	220	230	223
Cuba	293	309	310	334	...
Dominica	27	32	35	45	46
Dominican Republic	911	1116	1300	1533	...
Grenada	57	62	69	82	92
Guyana	60	71	67	67	...
Haiti	122	122	122	120	...
Jamaica	739	649	715	841	845
St.Kits/Nevis	65	70	72	76	84
St. Lucia	112	125	133	138	160
St. Vincent	46	47	50	54	46
Suriname	27	21	21	29	...
Trinidad/Tobago	202	188	194	194	220
Aruba	232	278	344	433	501
Br. Virgin Is.	173	176	176	161	136
Montserrat	17	18	17	17	...
Netherlands Antilles	632	685	751	832	803
U.S. Virgin Is.	555	543	493	523	682
Puerto Rico	2035	2281	2444	2554	2626
Guadeloupe	293	329	255	272	...
Martinique	234	280	312	282	315

Source: CTO

Smaller declines were recorded in the Netherlands Antilles, due mainly to reduced travel from the United States to St. Maarten, although arrivals to Curacao also declined marginally. Preliminary indications are that the United States Virgin Islands and Puerto Rico received fewer visitors, although Cuba and the Dominican Republic are thought to have received significantly more.

In Barbados, where the downturn was especially severe, value added from tourism declined for the second consecutive year. The contraction of almost 6 per cent follows a decline of almost 10 per cent in 1990. Arrivals fell by 8 per cent in 1991, while spending contracted by 10 per cent. This reverses the trend, which averaged growth of even greater magnitudes between 1986-1990.

Arrivals from the United States declined by the greatest amount, at 7 per cent overall. Most severe declines were recorded in Barbados 17 per cent, the Bahamas 11 per cent and Antigua and Barbuda 10 per cent. Aruba and Grenada recorded the only notable increases in arrivals from the United States, at 7 per cent and 18 per cent, respectively. Arrivals from Canada were also down by 20 per cent to Barbados and Antigua and Barbuda, and by 17 per cent to Jamaica, though gains were made by Aruba up 29 per cent and by Grenada up 7 per cent. Arrivals from Europe increased by over 10 per cent, for the region as a whole. The main increases were registered in Aruba 28 per cent, Jamaica 32 per cent, Saint Lucia 36 per cent and Trinidad and Tobago 37 per cent.

Table XI

TOTAL CRUISE PASSENGER ARRIVALS
(Thousands)

	1987	1988	1989	1990	1991
Antigua/Barbuda	153	199	208	227	239
Aruba	81	81	79	130	133
Bahamas	1434	1505	1645	1854	2020
Barbados	229	295	337	363	372
British Virgin Is.	...	3	68	97	79
Grenada	127	134	121	183	196
Jamaica	292	368	444	386	490
Martinique	297	386	368	421	417
Puerto Rico	584	767	746	834	995
St.Kitts/Nevis	31	54	37	34	53
St.Maarten	389	451	472	515	502
St. Lucia	84	78	104	102	163
St. Vincent	66	59	75	62	68
Trinidad/Tobago	16	12	16	27	...
U.S. Virgin Is.	956	1097	1063	1120	1215

Source: CTO

Cruise ship lines have been among the main beneficiaries of poor economic performance in the United States and Canada, as visitors have tended to shift from land-based to cruise ship vacations. Accordingly, cruise ship arrivals have continued their steady increase, by about 10 per cent for the region as a whole, in 1991. Gains in excess of 10 per cent were reaped by Saint Lucia and Saint Kitts and Nevis followed by Jamaica and Saint Vincent and the Grenadines. Fewer cruise ship tourists visited St. Maarten and the British Virgin Islands in 1991.

Increased cruise ship arrivals do little to compensate for declines in stopovers. For not only did stopovers decline, but the decline was greatest in the normally most profitable winter season. Neither did the downturn in the last quarter augur well for 1992. Moreover, in an attempt to boost declining arrivals, hoteliers resorted to price discounting, which further eroded profitability. While data on estimated tourist earnings are not yet available, they are not expected to be as buoyant as in the recent past.

Balance of payments

The stagnant external economy, slowing global trade and hesitant performance in export earnings inevitably had their effect on the balance of payments of the region. Overall, the merchandise trade deficit of the CARICOM countries grew by about 30 per cent, while the deficit on current account also widened, although at a somewhat slower rate, by about 25 per cent.

Table XII

MERCHANDISE EXPORTS (US$ m)

	1987	1988	1989	1990	1991
Antigua/Barbuda	29.0	30.1	15.7	16.7	18.3
Bahamas<1>	273.1	273.6	259.2	306.1	248.2
Barbados	132.2	145.7	147.8	151.9	150.6
Belize	102.7	116.5	124.8	129.2	130.0
Dominica	49.3	57.0	46.3	56.1	53.7
Dominican Rep.	711.0	890.0	924.0	735.0	658.0
Grenada	31.6	32.8	28.4	26.6	22.0
Guyana	240.5	214.6	204.7	203.9	238.6
Jamaica	709.2	883.1	998.1	1157.5	1145.2
Puerto Rico	13970.9	15428.7	17931.6	20669.0	21765.8
St.Kitts/Nevis	28.0	27.4	28.6	27.7	32.1
St. Lucia	77.3	119.1	112.0	127.3	109.8
St.Vincent	52.3	85.3	74.7	82.7	78.5
Trinidad/Tobago	1414.7	1470.0	1578.1	2080.5	1982.6
Montserrat	3.5	2.3	1.6	1.8	...

Source: National data
<1>Excludes oil trade

For the CARICOM countries merchandise exports declined by slightly over 2 per cent. For the Organization of eastern Caribbean States (OECS), the decline was somewhat greater, at almost 7 per cent, reflecting the disappointing performance of the banana industry. Within this group reduced exports in Grenada and Saint Lucia were notable, at 17 per cent and 14 per cent, respectively. The contraction in exports from Trinidad and Tobago is explained mainly by the reduced global petroleum prices.

Conversely, the increase in merchandise exports recorded by Guyana and Saint Kitts and Nevis, as a result of their recovering agricultural sectors, stood out.

Table XIII

MERCHANDISE IMPORTS (US$m)

	1987	1988	1989	1990	1991
Antigua	274.8	310.6	275.0	262.2	254.6
Bahamas<1>	1154.7	1058.9	1224.4	1228.8	890.3
Barbados	535.8	603.2	699.9	725.4	699.4
Belize	127.4	161.3	192.6	188.4	235.0
Dominica	66.7	87.5	107.3	118.1	114.1
Dominican Rep.	1592.0	1608.0	1964.0	1793.0	1729.0
Grenada	89.1	92.2	100.9	109.5	119.7
Guyana	261.9	215.6	212.4	249.6	252.2
Jamaica	1234.3	1449.4	1820.1	1942.4	1799.5
Puerto Rico	13013.1	14522.5	17015.0	19123.9	19440.5
St.Kitts/Nevis	79.5	92.7	102.5	110.7	108.6
St. Lucia	178.1	221.0	273.7	271.3	295.2
St.Vincent	98.7	122.3	127.5	136.1	138.6
Trinidad/Tobago	1160.5	1186.1	1221.3	1261.6	1662.8
Montserrat	25.3	26.6	31.0	42.5	...

Source: National data
<1>Excludes oil trade

Imports continued to grow faster than exports, the import bill for CARICOM countries is estimated to be almost 6 per cent more than in 1990. Imports to the OECS countries were contained, growth of less than 1 per cent being recorded, but within the group Grenada and Saint Lucia imported about 9 per cent more than in 1990. For the other countries, sharp increases in imports were recorded by Belize and by Trinidad and Tobago at 25 and 30 per cent respectively. In the latter case pent-up import demand was released by a partial deregulation of trade and payments arrangements. Imports were reduced in Jamaica, due to exchange rate depreciation and tight credit policies, by over 7 per cent and in Antigua and Barbuda, Barbados, Dominica and Saint Kitts and Nevis, by smaller amounts.

As a result of these developments the merchandise deficit widened quite significantly, for all CARICOM countries, by over 30 per cent. For the OECS countries the deficit widened by a more modest 4 per cent. The most notable changes were in Belize, where its merchandise deficit increased by over 70 per cent and Trinidad and Tobago, the only country achieving a regular surplus on merchandise trade, where the surplus was reduced by over 60 per cent. Growing deficits were also evident in Grenada and in Saint Lucia. Conversely, in Guyana the merchandise deficit was reduced by over 70 per cent and in Jamaica by 17 per cent. Trade in the Dominican Republic contracted in 1991, with both exports and

Table XIV

MERCHANDISE BALANCE (US$ m)

	1987	1988	1989	1990	1991
Antigua/Barbuda	-245.8	-280.5	-259.3	-245.5	-236.3
Bahamas<1>	-881.6	-785.3	-865.2	-922.7	-642.1
Barbados	-403.7	-457.6	-552.1	-573.5	-548.8
Belize	-24.5	-44.9	-67.8	-59.2	-105.0
Dominica	-17.4	-30.5	-61.0	-62.0	-60.4
Dominican Rep.	-881.0	-718.0	-1040.0	-1058.0	-1071.0
Grenada	-57.5	-59.4	-72.5	-82.9	-97.7
Guyana	-21.4	-1.0	-7.7	-45.7	-13.6
Jamaica	-525.1	-566.3	-822.0	-784.9	-654.3
Puerto Rico	957.8	906.2	916.6	1545.1	2325.2
St.Kitts/Nevis	-51.5	-65.3	-73.9	-83.1	-76.5
St. Lucia	-100.8	-101.9	-161.8	-144.0	-185.4
St. Vincent	-46.3	-37.0	-52.8	-53.3	-60.1
Trinidad/Tobago	254.2	283.9	356.8	818.9	319.7
Montserrat	-21.7	-24.3	-29.4	-40.7	...

Source: National data.

Table XV

BALANCE OF PAYMENTS CURRENT ACCOUNT (US$ m)

	1987	1988	1989	1990	1991
Antigua/Barbuda	-70.7	-55.8	-79.1	-62.3	-42.1
Bahamas	-196.0	-128.3	-160.6	-180.1	-152.2
Barbados	-52.8	2.4	-2.8	-37.6	-31.0
Belize	18.0	-4.6	-19.0	-2.6	-50.0
Dominica	3.0	-3.9	-32.4	-28.7	-23.5
Dominican Rep.	-421.0	-87.0	-212.0	-115.0	-115.0
Grenada	-27.7	-23.6	-33.8	-35.9	-34.4
Guyana	-109.5	-93.0	-113.3	-147.8	-135.0
Jamaica	-136.9	-0.6	-257.8	-340.1	-131.6
Puerto Rico	-2620.6	-3501.5	-4017.7	-3449.6	-3347.5
St.Kitts/Nevis	1.6	1.5	-34.3	-61.9	-38.9
St. Lucia	-5.3	0.9	-56.4	-57.5	-75.6
St.Vincent	-15.4	-2.7	-15.0	-3.0	-21.0
Trinidad/Tobago	-270.8	-151.5	-66.8	404.4	...
Montserrat	-2.3	-2.0	9.3	-17.4	...

Source: National data

imports declining, the former by 10.4 per cent. Earnings from traditional exports declined by 12 per cent, comprising declines in sugar, cacao, tobacco, nickel and gold. Non-traditional export earnings also decreased, by 4 per cent, while imports grew by about the same amount. The merchandise deficit, however, widened.

Given the declining merchandise trade performance and the weak performance in tourism, it is not surprising that the deficit on current account also widened, though the rate of increase at 25 per cent was not as fast as that of the balance of trade. For the OECS countries, the growth in the deficit was contained to less than 1 per cent. The exceptions were Saint Lucia, where the current deficit increased by over 30 per cent and Saint Vincent and the Grenadines where the percentage was even higher, though starting from a small base. In Trinidad and Tobago the surplus recorded in 1990 was reduced significantly by year end. The remaining countries made fair progress in reducing the magnitude of their current deficits. The deficit remained unchanged in the Dominican Republic.

External debt

Table XVI

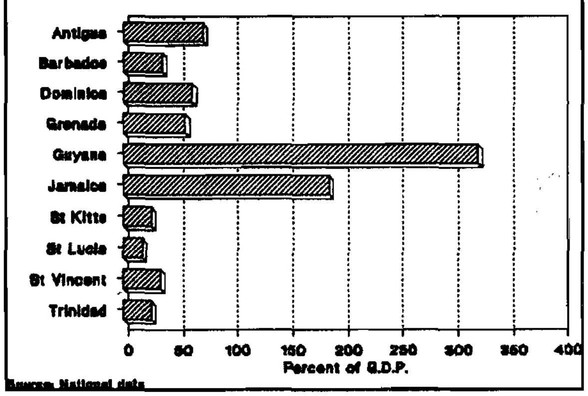
EXTERNAL DEBT (US$ m)<1>

	1987	1988	1989	1990	1991
Antigua/Barbuda<2>	231.8	243.2	260.6	268.6	253.0
Bahamas	192.7	171.3	219.7	267.7	321.7
Barbados	465.2	479.0	469.5	466.6	438.8
Belize	113.1	124.1	130.3	132.8	142.8
Dominica	65.1	65.7	72.0	86.4	91.1
Dominican Rep.<3>	3899.0	3883.0	4090.0	4482.0	4244.0
Grenada<2>	66.9	68.6	70.2	87.1	89.6
Guyana	913.8	895.2	1086.6	1226.7	1112.2
Guyana<2>	1735.9	1777.9	1801.1	1801.9	...
Jamaica	4013.7	4001.7	4038.4	4152.4	3874.3
St. Kitts/Nevis	21.3	26.6	31.7	36.4	36.6
St. Lucia	27.9	41.3	51.7	67.6	70.4
St. Vincent	37.8	44.9	50.7	55.1	60.3
Trinidad/Tobago	2082.2	2011.8	2097.4	2519.6	2430.8
Montserrat	3.4	3.5	3.4	3.0	3.3

Source: National data
<1> Public sector incurred or guaranteed
<2> Includes arrears
<3> Includes private debt

The external debt declined for the CARICOM countries as a whole by an estimated 5 per cent. This was due mainly to the debt reduction in Guyana and Jamaica, the major holders of foreign debt in the region. In the case of Guyana, where the debt declined by 9 per cent, a number of agreements were signed to reschedule or to write off outstanding bilateral debt, which accounted for about 46 per cent of the total, notably with the United Kingdom, the United States, Canada and the Netherlands. Despite this relief, debt servicing costs were estimated to have accounted for 40 per cent of exports of goods and services in 1991.

Figure 8
EXTERNAL DEBT 1991
As a Percentage of G.D.P



In Jamaica the debt declined by 7 per cent, the declines being mainly in government guaranteed debt and Central Bank liabilities. The reduction is due to the reduction in the level of external borrowing, debt forgiveness and cancellation, mainly by the United States and Netherlands Governments, and debt conversion initiatives. Since its inception the debt conversion scheme has managed to cover almost US$100 million. A Paris Club agreement was also reached to reschedule US$140 million in mid-July 1991. All these initiatives reduced the debt service burden from its peak in 1987 of 64 per cent of exports of goods and services, including accruals (the actual payments were 47.5 per cent), to the current 1991 figure of 31 per cent, including accruals, (with actual payments being 25 per cent of exports of goods and services). Moreover, in an effort to obtain greater flexibility in debt management the debt composition was shifted away from multilateral and commercial, towards bilateral debt.

The other country recording debt reduction was Barbados, as a result of amortizing public utility debt. The external debt which peaked at 46 per cent of GDP in 1987, now rests at 35 per cent, with debt servicing requiring about 16 per cent of exports of goods and services in 1991.

In the Bahamas, the debt increased by 20 per cent in 1991, a manifestation of lumpy investments in a small economy, since 46 per cent of the increase went to the electricity company and the national airline. Direct government debt increased by 4 per cent. At the end of the survey period debt servicing represented 11 per cent of government revenue or 4 per cent of exports of goods and services.

In the Dominican Republic the debt declined, to represent 214 per cent of exports of goods and services, compared with 224 per cent in 1990. Interest payments, however, increased to 11 per cent of exports of goods and services. This is, however, down from a peak of 19.6 per cent in 1987.

Fiscal policy

Table XVII

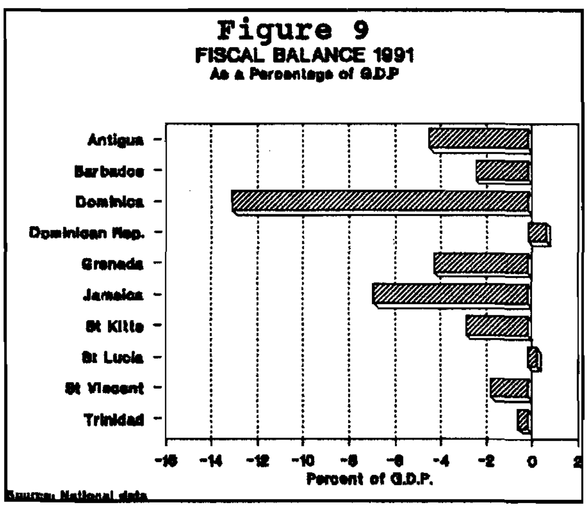
FISCAL BALANCE ON CURRENT ACCOUNT
(In national currency millions)

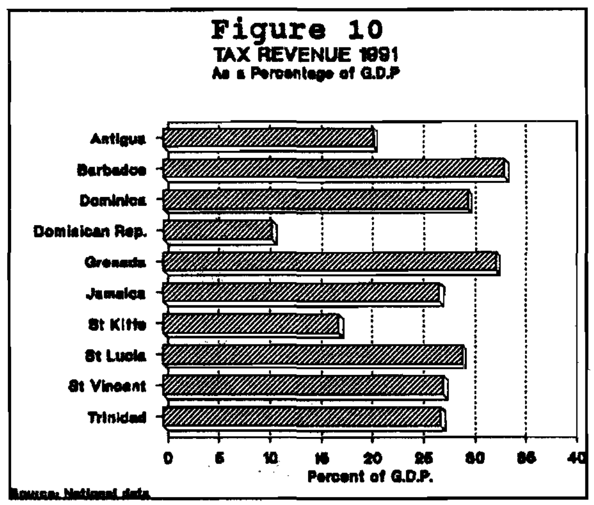
	1987	1988	1989	1990	1991
Antigua/Barbuda	24	18	-22	-5	-17
Bahamas	-9	-5	-23	15	-6
Barbados	-1	62	154	-7	95
Belize	10	17	42	58	60
Dominica	17	25	22	17	4
Dominican Republic	1380	2263	2852	3175	4804
Grenada	-15	10	-42	-8	5
Guyana<1>	-913	-426	-501	1912	-3129
Jamaica	1590	958	2408	2274	3926
St.Kitts/Nevis	4	4	10	9	-3
St. Lucia	33	65	52	61	74
St. Vincent	13	13	5	20	20
Trinidad/Tobago	233	-397	-365	-14	635
Montserrat	1	1	4	6	3

Source: National data
<1>Balance for 1991 includes expenditures for Jan-Sept only

Fiscal policy continued to be one of the principal instruments used to adjust Caribbean economies. The achievement of a surplus on current account remained the initial objective, so that resources could be available for capital investment. It was also recognised that it was necessaary to contain the overall deficit, due to the adverse influence that it would exert on the access that the private sector had to credit, as well as its consequences for the balance of payments and for the debt. Indeed, the burden of past debt constituted one of the major constraints to current fiscal balance. Further constraints were the size of the state sector and particularly the magnitude of the tax burden, as measured by the ratio of tax revenue to GDP, which needed to be borne to sustain inefficient government enterprises. Divestment continued to be used, particularly in Guyana, Jamaica and Trinidad and Tobago, to reduce the range of government activities to a more manageable size, to increase the efficiency of enterprises, to reduce the long-term debt burden and in the short term, to provide an inflow of resources to balance the budget.

For the survey year, efforts on the part of governments to maintain fiscal discipline showed mixed results. This was in part due to the fact that the economic context in which these policies had to be sustained had deteriorated since 1990. For the OECS countries taken as a group, the current account surplus remained but contracted by about 19 per cent, due to reduced performance on the current account in Antigua and Barbuda, Dominica, Saint Kitts and Nevis and Montserrat. The current deficit widened in Antigua and Barbuda, due to reduced revenues from business and the non-implementation of taxes, as well as increased wages and salaries to civil servants. Interest on debt was 4.6 per cent of GDP. Capital expenditure doubled over 1990, the fiscal deficit moving from 1.4 per cent of GDP to 4.3 per cent. In Dominica, current expenditures, mainly in wages and salaries which increased by 27 per cent, grew faster than revenues, so that the current surplus contracted. Capital expenditures also contracted, but in the face of reduced grants, the fiscal deficit increased from 11 per cent of GDP to almost 13 per cent. Grenada achieved a current surplus after concentrated efforts to increase revenues and to reduce expenditures. The overall deficit also fell. Despite these efforts, revenues were below targets due to administrative difficulties experienced in collecting value-added taxes.





Saint Kitts and Nevis moved from a surplus in 1990 to deficit in 1991 due to contracting revenues from imports and consumption. Though both current and capital expenditures fell, the overall deficit widened to 2.7 per cent of GDP from the previously modest 0.3 per cent. The erosion was due to the aforementioned weak revenue position and reduced external grants. The current surplus grew in Saint Lucia, both current revenues and expenditure increasing. Capital spending also rose, though a small budget surplus was achieved. In Saint Vincent and the Grenadines revenues grew at about the same pace as current expenditures so that the current surplus remained unchanged. Capital spending increased but as external grants also increased the fiscal deficit declined.

In Barbados, the deficit incurred on the current account in 1990 was transformed into a surplus in 1991, by virtue of expenditure cuts as well as revenue increases. Despite a flagging economy and weak revenue base, increases in consumption taxes and a special stabilization tax boosted tax revenues to 32 per cent of GDP. Direct taxes rose by 17 per cent, indirect taxes by 4 per cent and capital expenditure was frozen. As a result of the stabilization programme, the overall deficit was reduced from 8.2 per cent of GDP to 2.3 per cent by end 1991.

Guyana improved its overall public sector performance, due mainly to the improved turnover of some of the public sector enterprises. The fiscal account, however, deteriorated. Current revenues increased significantly, due to new taxes, a burgeoning economy and better tax administration. But expenditures increased for the payment of public sector workers and transfers to some State enterprises remained large. Nevertheless, reform of the public sector continued, to reduce the number of ministries from 18 to 11, to increase user fees and tariffs to make entities self-financing and to divest public enterprises. Thirteen such enterprises were divested in 1991, earning approximately G$2 billion. The capital expenditure programme was constrained by implementation problems, limited counterpart funding and the policy to desist from securing major financing from domestic financial institutions.

In Jamaica, the reduction of the fiscal deficit has been a major goal of government policy for some time. The goal has been elusive, mainly because of the debilitating cost of servicing the debt. For 1991 the surplus on current account widened in nominal terms, despite a 61 per cent increase in the amount paid in interest, which now absorbs 29 per cent of total revenue.

The larger current surplus was made possible by a 50 per cent increase in revenues as a result of a major tax reform, which replaced a number of previous taxes by a value-added tax levied at 10 per cent, a special consumption tax, a one-off bank cess of 0.5 per cent of banks total assets, and by more effective tax-collection measures. Total expenditures also increased, by 52 per cent. The major changes in expenditure went to defray a 91 per cent increase in debt servicing charges, moving from 15 to 20 per cent of GDP, rises in public sector wages, and the effects of inflation on the cost of goods and services purchased by government. Gross investment increased only slightly, but due to debt servicing costs the overall deficit increased to 6.7 per cent of GDP.

A significant change in the current account was noted in Trinidad and Tobago. This was due mainly to a 20 per cent increase in oil revenues, due to increased oil prices in the final quarter of 1990 and the collection of outstanding arrears. Non-oil revenues were also augmented, by a number of tax reforms, as well as by trade and payments liberalization. Current expenditures increased, mainly as a result of increased personnel costs, which rose by 122 per cent. Transfers to public enterprises also increased. Capital expenditure doubled. Despite this, the overall deficit declined from the previous year.

The increased current surplus in the Dominican Republic needs to be seen in conjunction with a 100 per cent rate of inflation in 1990. Nevertheless, income, with the greatest increases coming from trade revenues, increased faster than current expenditure. In the latter case interest payments, representing about 13 per cent of current expenditures, grew fastest by 168 per cent. The current account surplus, however, widened by 51 per cent and with capital expenditure increasing by 41 per cent the fiscal surplus increased from 0.3 per cent to 0.8 per cent of GDP.

Prices

Table XVIII

CONSUMER PRICES
Annual Rates of Growth (%)

	1987	1988	1989	1990	1991
Antigua/Barbuda	...	3.4	5.3	7.7	2.1
Bahamas	5.8	4.5	5.3	4.7	7.0
Barbados	3.4	4.8	6.2	3.1	6.3
Belize	2.0	2.9	2.1	3.0	5.6
Curacao	...	...	3.9	3.7	4.0
Dominica	2.9	5.2	4.3	6.8	2.3
Dominican Republic	25.0	57.6	41.2	100.7	4.0
Grenada	-0.9	6.5	3.6	3.7	2.7
Guyana	28.5	40.1	89.3	64.9	102.1
Jamaica	6.7	8.3	14.3	22.0	51.0
Puerto Rico	0.9	3.3	3.4	4.1	5.2
St.Kitts/Nevis	2.6	0.2	6.6	3.7	4.5
St. Lucia	7.0	0.8	3.8	5.9	7.3
St. Vincent	2.0	2.1	3.5	9.2	2.3
Trinidad/Tobago	10.8	7.8	11.3	11.4	4.0
Montserrat	2.7	3.6	1.8	6.8	9.0

Source: National data.

Prices grew, on average, faster than in the industrialized countries, although inflation rates were among the lowest in the developing countries. The most modest rises occurred in the OECS, most of which were below 5 per cent, with significant declines being recorded in four countries. Price increases ranged between 5-10 per cent for all other Caribbean countries with the exception of Guyana exceeding 100 per cent and Jamaica, exceeding 50 per cent.

The major external factor affecting price changes was the Gulf War, and especially its impact on petroleum prices. In the Bahamas, where prices were evenly spread across the various categories, an additional factor was the increase in domestic interest rates. In Belize, price decontrols on a number of import items and the impact of adverse weather on domestic food production added to the impact of petroleum price increases.

Price rises in Barbados reflected increased consumption taxes, increased interest rates, and increased user charges for public services. Transportation charges increased by 17 per cent, housing by 11 per cent, alcohol by 8 per cent and food by 5 per cent.

The major price rises in Guyana and Jamaica reflected the various elements of their adjustment programmes, namely, large exchange rate depreciation, tight monetary and fiscal policies and the consequent effects on prices and incomes policies. In Trinidad and Tobago where consumer prices fell, the main contributor was the decline in domestic food prices. The costs of fuel and light also declined.

Price rises in the Dominican Republic measured from December 1990 to December 1991 were a moderate 4 per cent, compared to 100.7 per cent in 1990. Prices fell for 5 of the 12 months and exceeded 2 per cent in only one month. Price increases in the category of food, drink and tobacco, which had the greatest weight in the index, and which had increased by 104 per cent in 1990, fell by 2.3 per cent in 1991.

Employment

Table XIX

UNEMPLOYMENT RATES (%)

	1987	1988	1989	1990	1991
Barbados	18.9	17.3	13.7	14.7	17.2
Jamaica	21.0	18.9	18.0	15.3	15.4
Netherlands Ant.	...	24.4	21.0	19.8	16.4
Puerto Rico	17.7	15.9	14.4	14.3	15.2
Trinidad/Tobago	22.3	21.9	22.0	20.1	18.8

Source: National data

In Barbados the increase in unemployment was attributable to the general decline in economic activity, specifically in construction and the contraction in the public sector. Unemployment increased towards the end of the year, as tighter budget measures began to take effect, so that in the last quarter the rate was 20 per cent. The overall rate of unemployment also concealed the fact that the rate among women was 21.4 per cent, while for men it was 13.3 per cent. Sixty per cent of the unemployed were in the age group 15-29 years of age.

The trend towards declining unemployment in Jamaica changed in 1991, which recorded a slight increase. In the goods producing sectors, where employment increased in total, fewer jobs were recorded in mining, manufacturing and construction, although increases in the agricultural sector were sufficient to compensate. Employment increased in the services sectors as a whole, though community social and personal services employed fewer people at the end of 1991 than at the end of the previous year. Persons under 25 years old comprised 56 per cent of the unemployed, while women accounted for 65 per cent.

In Puerto Rico, increases in the labour force outpaced job creation, so that the unemployment rate increased. Jobs were lost in the agriculture and manufacturing sectors and in public administration, but these losses were exceeded by gains in the wholesale and retail trades, finance, insurance, real estate and in other services. Accordingly, total employment increased by about 1 per cent. The labour force increased by about 2 per cent, however.

The trend towards reduced unemployment continued in Trinidad and Tobago. The greatest growth in jobs occurred in manufacturing, up 15 per cent, and construction up 9.7 per cent. Young persons in the cohort 15-19 years old comprised a disproportionate part of the unemployed at 43.5 per cent. Females comprised 23.7 per cent compared to 16 per cent for males.

SOCIAL DEVELOPMENTS

Table XX

SELECTED SOCIAL INDICATORS - CARIBBEAN COUNTRIES

	LIFE EXPECTANCY 1960	LIFE EXPECTANCY 1990	LITERACY 1990	INFANT MORTALITY 1960	INFANT MORTALITY 1990	EDUCATION	HEALTH	WATER	SANITATION	HDI	RANK
Antigua	...	72.0	96.0	...	...	4.6	...	100	...	0.78	-11
Bahamas<1>	...	71.5	99.0	...	...	6.2	...	...	...	0.88	-7
Barbados	64.2	75.1	98.8	90	12	8.9	100	100	...	0.93	11
Belize	...	69.5	95.0	...	...	4.6	75	69	61	0.67	-3
Cuba <2>	63.8	75.4	94.0	87	14	7.6	...	...	...	0.73	1
Dominica	...	76.0	97.0	...	...	4.7	...	...	...	0.78	19
Dominican Rep.	51.8	66.7	83.3	199	78	4.3	80	63	61	0.6	18
Grenada	...	71.5	96.0	...	...	4.7	...	100	...	0.76	10
Guyana	56.1	64.2	96.4	126	71	5.1	89	81	86	0.54	39
Haiti	42.2	55.7	53.0	270	130	1.7	73	41	...	0.28	4
Jamaica	62.7	73.1	98.4	89	20	5.3	90	72	91	0.72	13
St. Kitts/Nevis	...	67.5	92.0	...	...	6.0	100	100	100	0.69	-18
St. Lucia	...	70.5	93.0	...	...	3.9	...	67	...	0.71	0
St.Vincent	...	70.0	84.0	...	...	4.7	...	...	...	0.69	16
Suriname	60.1	69.5	94.9	95	38	4.2	...	68	49	0.75	-9
Trinidad/Tobago	63.6	71.6	96.0	67	17	8.0	99	96	99	0.88	14

Source: UNDP, Human Development Report 1992

Life expectancy at birth, in years, for 1960 and 1990
Literacy relates to adult literacy rate (%) in 1990
Infant mortality relates to deaths per thousand children under five years for 1960 and 1990
Education relates to mean years of schooling, in 1990
Health relates to percentage of the population with access to health services
Water relates to percentage of the population with access to safe water
Sanitation relates to population (%) with access to sanitary waste disposal facilities
H.D.I. relates to Human Development Indicator.
Rank is derived from the sum of GNP rank minus the HDI rank.

Current development policies are being increasingly questioned. The very concept of development is being questioned, most notably by the post-modern movement[3]. Disenchantment springs from a number of sources, but notably from the effects of policies unduly focused on short-term material gain. Concerns cluster around two main concepts, equity[4] and sustainability. The former cluster includes issues such as basic needs, economic and social justice, human rights, class, gender and ethnicity. In the latter cluster is to be found a disenchantment with technology, as it is being increasingly viewed as inimical to the environment and to a

---

3 See, for example Escobar, Arturo "Reflections on development - Grassroots approaches and alternative politics in the third world". Futures, June 1992.

4 Income disparities between the richest and poorest countries have doubled in the past 30 years and now stand at 150. Within countries the disparity is as much as 20. UNDP, Human Development Report 1992.

sustainable future. It is often seen as inimical to equity, since the rapidly changing international division of labour is causing the gap in productivity to widen, between those who are able to master new technologies and those who are not. The new technologies are also rapidly reducing the demand for labour, especially of low-skill labour, as these tasks are increasingly being mechanized. Accordingly, countries that have relied on low wage unskilled labour are being disadvantaged by both tendencies and there is the fear that their options are being foreclosed. The weakening of the developmentalist State and the failure to move to a more just world order has left the less advantaged, both within national borders and globally, believing that their concerns will not be addressed. Hence, the desire to fashion a new paradigm.

Yet the prevailing paradigm is not static, although the transition into practice is somewhat slower. As a result, the single minded approach to stabilization, with its focus on short-term economic balances, is now being broadened to take account of issues such as social equity and sustainability, which are interrelated. Recognition is also emerging that there needs to be a continuum between the short-term equilibrium and the medium term adjustment, the latter being necessary to adapt to new markets and technologies.

Nevertheless, there is also a recognition that while sustainability has returned to the policy matrix, because of new information which shows rapid depletion of the environment and the natural resource endowment, more than the environment needs to be factored into any concept of sustainability. Policies that do not derive from consensus cannot be sustained. Consumption patterns that do not have strong foundations in production, or output that is not underpinned by new investment in plant and in skills cannot be sustained. Neither can social welfare policies be sustained if they are not underpinned with stable output. Furthermore, the unchecked expansion of population, requiring greater consumption of finite physical and environmental resources, as well as scarce and sometimes contracting financial assets cannot be sustained indefinitely. The need might not, therefore, be for a new paradigm but rather a more appropriate balance between many conflicting, yet at the same time, paradoxically, reinforcing elements.

The human element is central to most of these issues and is able to make a positive contribution to many of them, simultaneously. Special emphasis, therefore, needs to be placed on the relationship between population in it widest aspects and development. This would include consideration of its size, rate of growth, structure and skills base in relationship to current and future development options. The following will focus on one small aspect of this nexus which is the development of human skills, through education. It is the only way to ensure that new technologies will not widen the gap between the technology rich and the technologically poor. Education is the only way to ensure that increased mechanization does not relegate large segments of the population to unemployment. It is the only way to shift the emphasis away from the excessive exploitation of raw materials for development, thus achieving a more environmentally benign development path. Education works for the promotion of equity at the national and global levels and it contributes to the achievement of sustainability in its widest meaning.

Table XXI

SELECTED EDUCATION INDICATORS - CARIBBEAN COUNTRIES

	PRIMARY ENROLMENT		SECONDARY ENROLMENT		(Tech)	TERTIARY ENROLMENT		(Science)	EXPENDITURE	
	TOTAL	FEMALE	TOTAL	FEMALE	<1>	TOTAL	FEMALE	<2>	Total	Higher
High human dev.	97	...	66	67	13.1	25	22	33	18.9	15.9
Barbados	...	...	93	94	...	19	19	39	20.5	14.9
Medium human dev<3>	87	...	51	47	13.6	14	10	33	18.6	16.2
Cuba	95	95	89	94	29.0	21	25	25	12.8	14.0
Dominican Republic	73	73	74	...	...	19	...	...	10.0	19.7
Guyana	69	69	64	65	3.4	4	4	41	...	17.8
Haiti	44	44	19	19	...	1	1	...	19.7	7.8
Jamaica	99	100	61	64	3.5	5	4	37	12.9	20.7
Suriname	99	99	53	58	26.5	7	7	...	22.8	7.7
Trinidad/Tobago	91	93	83	84	0.8	6	5	43	12.1	2.8

Source: UNDP, Human Development Report 1992
<1>Tech refers to percentage of secondary cohort enrolled in technical subjects.
<2>Science refers to percentage of tertiary cohort enrolled in science subjects.
<3>Indicators for medium human development exclude China.
Total indicates education as a percentage of total expenditure.
Higher indicates percentage of education expenditure allocated to tertiary education.

Moreover, there seems to be a strong link between the outstanding growth performance of the most recent high achievers and high quality and widespread availability of education, especially in the applied sciences. Initially, the high achievers comprised Japan and "the four tigers", Hong Kong, Singapore, South Korea and Taiwan, but more recently Thailand, Malaysia and Mauritius seem also to have embarked on a path of rapid and consistent growth. It might, therefore, be appropriate to take stock of Caribbean performance in this area of education.

A study of the data presented shows that while Caribbean countries seem to provide above average access to primary and secondary education, they have not kept pace with some other developing countries and especially the high achievers among them. Jamaica and Trinidad and Tobago provide examples, because relatively recent data are available, but these comments might also apply to most of the English-speaking Caribbean countries[5]. Of

[5] The inadequacies of the social data are well known. Data are often unavailable, or where available, sometimes contain large gaps due to collection only on census years. They are seldom sufficiently consistent in format to permit meaningful cross-

Table XXII

COMPARATIVE EDUCATION INDICATORS

Country<5>	Primary<1> 1965	Primary<1> 1989	Secondary<2> 1965	Secondary<2> 1989	Tertiary<3> 1965	Tertiary<3> 1989	Expenditure<4> Education	Expenditure<4> Tertiary
Dominican Rep.	87	95	12	74	2	..	10.0	19.7
Ecuador	91	118	17	56	3	25	19.1	18.4
Peru	99	123	25	67	8	32	22.9	2.6
Thailand	78	86	14	28	2	16	16.6	11.9
Jamaica	109	105	51	61	3	5	12.9	20.7
Mauritius	101	103	26	53	3	2	10.4	6.6
Malaysia	90	96	28	59	2	7	16.9	14.9
Cuba	121	105	23	85	3	21	12.8	14.0
Trinidad/Tobago	93	97	36	83	2	6	12.1	2.8
Korea	101	108	35	86	6	38	23.3	7.0
Greece	110	102	49	97	10	28	...	...
Ireland	108	101	51	97	12	26	...	...
Israel	95	93	48	83	20	33	...	...
Singapore	105	110	45	69	10	12	11.5	30.7
Hong Kong	103	105	29	73	5	13	15.9	...
United Kingdom	92	107	66	82	12	24	...	...
Italy	112	96	47	78	11	29	...	...
Austria	106	104	52	82	9	31	...	...
France	134	113	56	97	18	37	...	...
Canada	105	105	56	105	26	66	...	...
United States	..	101	..	99	40	63	...	...
Japan	100	102	82	96	13	31	...	...

Source World Bank, World Development Report, 1992.

<1>Refers to percentage of the age group 6-11 years.
<2>Refers to percentage of the age group 12-17 years.
<3>Refers to percentage of the age group 20-24 years.
<4> Education expenditure as a percent of total expenditure in 1989.
Tertiary expenditure as a percent of education expenditure in 1988.
<5>Ranked on the basis of GNP/capita, in US dollars for 1990.

those countries listed in Table XXII which had a secondary school enrolment of about 50 per cent in 1965, comparable with Jamaica at that time, all had attained enrolments above 80% by 1989, while countries matching Jamaica in 1989 at 58 per cent, showed considerably lower percentages than that country in 1965. Moreover, the data for secondary school enrolment in technical subjects suggest that these rates are low for the English speaking Caribbean, which in no case exceeds 4 per cent, whereas the norm for other developing countries is over 13 per cent. In some cases, such as Costa Rica 21.9 percent, Cuba 29 percent, Republic of Korea 15.9 percent, the norm is exceeded. For the industrial countries it

---

country comparisons. These deficiencies constitute a severe constraint to any evaluation of social trends and render this part of the survey somewhat different in form to the foregoing sections. An attempt is, nevertheless, made to include some discussion of one or more social issues in each of the annual surveys, because of their importance to the development process as a whole and because of the interest displayed by readers in such developments.

is much higher, with examples being Yugoslavia 63 percent, Spain 45 percent, France 57 percent, and the Netherlands 55 percent. Aside from the level of enrolment, the output of secondary schools is a major cause for concern. Less than 3 per cent of the 15-19 year age cohort passed the secondary level exam in English, in all the English-speaking countries in the Caribbean, with the exception of Trinidad and Tobago and Barbados where the pass rate in the former was 3.4 per cent and in the latter was slightly over 15 per cent.

Tertiary level performance in the English-speaking Caribbean countries is in all cases low[6]. This is not merely due to low income. Countries clustering around the income/capita figures of Trinidad and Tobago, for example, all show better tertiary level performance, such as Portugal at 18 per cent, Greece at 21 per cent, Venezuela at 26 per cent and Yugoslavia 19 per cent. Countries clustering around the income/capita of Jamaica also show higher levels of tertiary education, such as Thailand 16 per cent, Peru 32 per cent, Ecuador 25 per cent, or Colombia 14 per cent. The fact of slower tertiary level education growth can be summed up by the fact that this component of tertiary and higher-level education grew by 159 per cent in the English-speaking Caribbean between 1970-1989 while it grew by 291 per cent in Latin America over the same period. While these figures say nothing about the relative qualities of the tuition and curriculum, they might at the very least be indicative of an elitist and restrictive attitude towards higher education in the Caribbean.

A review of the most recent educational sector plans for Barbados, Jamaica and Trinidad and Tobago shows a clear appreciation of the need to upgrade the quality of educational output and adjust it towards science and technology. In fact, from the figures which are available for the University of the West Indies (UWI) in 1989, the percentage of science related subjects at the tertiary level seems to be quite high, accounting for 40 per cent of all first degrees and 56 per cent of all higher degrees (Table XXIII). The data in Table XXII corroborate this at the national levels.

It does seem clear, however, that higher education facilities are not being made available to a wide enough audience. Moreover, where attempts have been made to do so, for example, in Jamaica and where enrolments have increased, the passes have in fact declined,

---

[6] The exception is Barbados, which at 19 percent is quite high although below average for the category of high human development in which it otherwise qualifies. For the developed countries listed, tertiary-level training ranges from 24 per cent in the United Kingdom to 66 per cent in Canada. Japan seemingly has a low ratio at 31 per cent yet here 68 per cent of all degrees are in the applied sciences whereas only 25 per cent are so obtained within the United States.

Table XXIII

EDUCATION RATIOS IN OECS & BELIZE

COUNTRY	YEAR	PRIMARY	SECONDARY	TERTIARY
Bahamas	1980	60	37	3
	1986	58	39	3
Belize	1986	90	8	2
Dominica	1978	90	10	..
	1987	83	17	..
Grenada	1977	83	17	..
	1987	76	24	..
Montserrat	1970	92	8	..
	1983	65	33	2
ST. Kitts/Nevis	1980	89	11	..
	1989	82	17	1
St. Lucia	1988	83	16	1
St. Vincent/Grenadines	1987	79	21	..

SOURCE: ECLAC, derived from country data

Table XXIV

TERTIARY EDUCATION

CATEGORY	1966 TOTAL	1966 (%)<1>	1980 TOTAL	1980 (%)<1>	1989 TOTAL	1989 (%)<1>
UNIVERSITY						
Total Registration	3259	..	9089	..	11494<2>	..
Total first degrees	384	33	1457	41	1800	40
Higher degrees	11	63	106	62	183	56
Total certificates diplomas & advanced diplomas	93	..	604	..	709	..

Source: University of the West Indies
<1> Refers to Agriculture, Engineering, Medicine and natural science
<2> Total registration figures for 87/88

due, presumably, to declining standards at the secondary level[7]. Whether this is common throughout the region is not known, but all plans seem to accept the basic low ratios for tertiary education as a given. Nowhere has there been any statement regarding the overall quantity of outputs, in one case it was stated that secondary education was only attainable by 40 per cent of the age cohort.

Projections about the future demand for trained workers indicate that there will be significant unmet needs. The Planning Institute of Jamaica (PIOJ) indicates that between 48000-56000 skilled workers will be required each year, while the supply is not expected to exceed 12,500. The greatest demand exists, throughout

[7] Jamaica Five Year Development Plan.

the region, in professional, managerial and skilled occupations. This shortfall is particularly acute since Caribbean countries need to develop many new and efficient productive enterprises if they are to become export competitive, an essential condition in order to maintain the momentum of economic growth and upgrade the quality of jobs and levels of remuneration.

Even where the authorities recognise the gap that exists between the supply and the demand for education, one wonders if their analysis and, therefore, the projections take sufficiently into account the lead role that education might play in the development process, not only in quickening economic growth but in widening development options and providing operational flexibility. There seems to be no perception of the investment options foregone because of the lack of a basic pool of skills, nor the impact which lags between the demand and the supply of skills have on investment decisions. Following from this, there seems not to be the belief that a pool of skills, by its very existence, could create pressures for new job ideas, opportunities and ultimately enterprises. It could also be the major ingredient for the achievement of social equity and cohesiveness.

There does not seem to be a strong enough regional consensus on the need to expand the reach of tertiary education and therefore, of strengthening the chain of educational initiatives leading up to it. The ratio of tertiary-level enrolment to secondary enrolment averaged about 7.4 per cent for the Caribbean in 1985-1986; and for six Latin American countries[8], of approximately the same levels of income, it averaged over 34 per cent, for the same period. Initially tertiary education might need to take a more flexible approach that will allow existing workers and those new entrants who might not meet the formal education criteria, to attain them through remedial work and the packaging of skill specific knowledge in easily absorbed modules to allow them to upgrade their efficiency in the workplace. It will be necessary to find ways to adapt skills training to the evolving needs of the workplace. Increased contributions by the private sector to tertiary-level training might assist in achieving this objective. Promotion of appropriately qualified personnel would also serve as an incentive for employees to meet a portion of the cost of upgrading their skills.

Yet the blame for low tertiary level training cannot be placed solely on the system of tertiary education, since enormous wastage seems to take place between the primary and secondary system and during the period of secondary education itself. The low figures for English graduates at the CXC level have already been cited, but even where the numbers qualifying to sit the exam are already

[8] Source: World Bank, relates to Argentina, Brazil, Chile, Colombia, Mexico and Venezuela.

limited, the performance in the exam itself is poor, ranging from 55 percent to 18 per cent. Moreover, between 1984-1989 the average rate of success for 11 CARICOM countries has declined for all save three countries, so that from a mean of 47 per cent achieving success in 1984, mean successes in 1989 had fallen to under 43 per cent. While the access to secondary education seems therefore to be good and expenditures seem to be comparable with other similiarly endowed countries there is significant wastage in the system. More efficient teaching methods and more efficient use of funds is clearly needed.

Efforts will also need to focus on improving the quality of primary school education to ensure appropriate standards for those graduating to the secondary level, initially with emphasis on the basic core courses. While the list of actions to be taken seems to be endless, a window of opportunity presents itself to most Caribbean countries, since the primary school and in some cases the secondary school cohort is projected to decline in the future. This provides the opportunity to greatly improve the quality and spread of education available to the respective cohorts, even where the proportional allocations to the sector remain unchanged. For this to be possible the society as a whole needs to be persuaded of the importance of education in achieving a higher quality of living, as measured in its material as well as in its non-material aspects.