DEEPENING FINANCIAL MANAGEMENT IN THE OECS

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ABSTRACT:

The objective of this paper, "Deepening Financial Management in the Organization of Eastern Caribbean States," (OECS) is to explore the underpinnings of three key issues financial management in the OECS. We present a view that these issues should be analyzed to deepen the financial management associated with the issues. We argue that the deepening could have more benefits for the OECS and the wider Caribbean.

Pragmatically, the central idea of the paper is to note, in a political-economic schemata, that while the present financial system in the OECS has some merits, greater depth in the financial management could lead to more breadth in the overall economic system. Furthermore, it is our contention that the lessons from the experience of the OECS in these three selected issues could be of relevance to the wider Caribbean region.

INTRODUCTION:

Within recent years, the spotlight of attention has been focussed on the member states of the Organization of Eastern Caribbean States, hereafter the OECS. This spotlight of attention has been focussed on the OECS because it has not followed what others around it has done, nor has it fallen in the caverns of despair like others in the region have fallen. While other regional countries and groupings grope for economic survival and try to find ways and means of creeping out of the economic morass of depreciating currencies and mounting debt, the OECS has been able through thick and thin to keep the wolves of devaluation and excessive debt at bay.

The current focus on the OECS is interesting, in retrospect, in the sense that many commentators are now viewing the OECS's new development as a success story. We are happy to see that reality has now become a fixture in the thinking of many regional and international commentators. Finally, those who had no faith in the viability of size, are now seeing that "size is not a constraint to survival of the microstates of the Caribbean," as was said at a Conference in Mexico City eleven years ago. (Jones-Hendrickson, 1979). It is our view, that management is of moment in all states, but specifically so, in microstates.

Before the euphoria of congratulatory excesses die, we offer some advice to the political and economic directorate in the OECS. The ideas emanating from the advice may be implemented in the OECS as the subregion marches into the 21st. century.

In this paper, therefore, we focus our advice on the OECS and identify some strategies which may be put into effect by the OECS as a means of deepening the financial management. The ideas by way of focus and advice will center on three areas:

(1) Strategic planning
(2) Factor mobility: capital and labor
(3) Regional Central Bank and common currency

Anyone of these three issues could be the subject of massive amounts of paper and discussion. However, we will restrict our discussion to the vortex of financial management. When we use the concept financial, the idea pertains to finance or public revenue or having to do with monetary issues. In a systematic manner, financial pertains to a system or science of public revenues and expenditures or any public sector resources and the attendant monetary value.

Management, in the context that we will use it in this paper, is the act of treating, directing, carrying on or handling some set of issues with a view of achieving a desired target, goal or objective.

Financial management, in sum, could be defined as the conscious manipulation of public sector revenues and expenditures, private sector revenues and expenditures, in a directed, controlled manner such that specific, planned outcomes are obtained. Financial management cannot be construed in a vacuum. Financial management must be seen in the financial space as well as in the managerial space. In this regard, management is not merely manipulation by anyone. Management is that corpus, that body-politic or body-economic deriving from a personification of the tasks of a manager or a person. It follows, therefore, that management is the encapsulation of what a manager as an actor does as that actor seeks to define a problem, formulate an objective, recognize a constraint, and evaluate alternatives. Out of this schematic, financial management perspectives will suggest what optimal course of action will be chosen. Financial management could be discussed qualitatively or quantitatively.

Qualitative management rests on the personal experience, judgement, gut feeling and intuition of managers and others who are permitted to input into the decision-making process. Quantitative management, on the other hand, rests on the solution of a problem which could be reduced to a many variable-set, a repetitive issue, something having a numeric system, and one in which the decision-making environment lends itself to a specification of goals. Given this context of financial management from the quantitative and qualitative points of view, let us now turn to the first issue, namely strategic planning.

I. Strategic Planning:

In the consideration of strategic planning and the deepening of financial management in the OECS, we have to use the arguments of financial management as developed in the definitional sense above. Financial management, as we noted, refers to the manipulation of revenues and expenditures. In the strategic planning context we want to use financial management such that the countries of the OECS are not peripheral to the requisite budgetary system that has to be in place if the countries are to remain viable, stay afloat, and avoid the razor's edge of development.

These three caveat: viability, staying afloat and avoidance of the razor's edge of development, are central to the long-range planning process of the OECS. In Jones-Hendrickson (1989:88), the point was made that "... when the financial structure and economic development in the OECS over the period 1979 to 1987 is considered, it can be seen that there are no significant genetic defects in the methods of financing the economies vis-a-vis long-term survivability of the economies."

We are of the view from a long, historical and continuous assessment of the OECS, that the OECS is viable. Since 1981 when the OECS was created, the organization's leaders have been battling the Scylla of non-viability and the Charybdis of cynicism emanating from those who were of the view that the OECS were/are too small to be viable. Lewis and Emmanuel (1975), Lewis (1976), Emmanuel (1976) and Jones-Hendrickson (1979) have demonstrated that the non-viability issue is a non-issue. We are not concerned with the non-viability issue. What we are concerned with is the issue of "flotation" (solvency and buoyancy), and with the issue of avoidance of the razor's edge of development.

When we put the case for the manipulation of revenues and expenditures, a la financial management, strategic planning requires that the leaders of the subregion begin to set agendas that will entail multi-year budget cycles which cycles should be independent (completely divorced, if possible) of the political budget cycles.

Strategic planning is contemporary long-range planning. It differs from the traditional long-range planning "...in that it adds special emphasis on discerning and understanding potential changes in the external environment, competitive conditions, threats, and opportunities" (Morrison, Renfro and Boucher, 1984: iii). Strategic planning "attempts to develop a greater sensitivity to the changing external world and assists the organization to thrive by capitalizing on existing strengths" (Cyert, 1983: vii). Fundamentally, strategic planning is an approach that will get administrators, key decision-makers and others in the political and economic directorate "thinking innovatively and acting strategically, with the future in mind" (Keller, 1983).

In today's world, more so than before, the concept of the global village is of momentous importance. In this regard, strategic planning captures the essence that organizations are molded by external and internal forces to a degree that was not always evident and possible. Hence, strategic planning is an attempt to institutionalize a system to make "this year's decisions more intelligent by looking toward the probable future in coupling the decisions to an overall institutional strategy" (Keller, 1983: 182). If the OECS is to achieve success in strategic planning in the deepening of financial management, that success will depend on the organization having an adequate and effective means of using qualitative and quantitative management. There must be, in effect, adequate and effective ways and means of identifying and anticipating probable events in the external and internal environments, and to forecast, within reasonable degrees of freedom, how the events may impact on the organization.

Strategic planning in the financial management scenario that we are discussing involves short-term and long-term solutions. A series of optimal short-run solutions could lead to a well-defined long-run solution. Operationally, however, it need not follow that the summation of short-run optimal points equal a long-run optimal solution. Given that there are unforeseen, disruptive, external "perturbative" forces, what may be well-defined short-run optimal scenarios may not always end up in the long-run space.

The OECS countries are sufficiently small countries to manipulate their financial resources without causing too many distorting effects. The states, also, are sufficiently large, that small though the distorting effects may be regionally, the effects may be large on the level of an individual state. This concept is what we have termed our axiom of micro: "what may be micro in a macrostate, is generally macro in a microstate." Jones-Hendrickson, 1985: 50).

In the OECS, the leaders have to begin to pay greater attention to the "flotation" issue (solvency and buoyancy). The agglomeration effect of one major project, the institutional instabilities of some developments, the debilitating current expenditures impacts of capital expenditures can, through diseconomies of scale and scope, affect the region in a way that was not anticipated. To date oil, and its attendant calculus, has been the one commodity in which the solvency and buoyancy space has been clearly demarcated in the OECS. Because oil is external, it is not easy to factor in the decisional matrix of all of the likely perturbations of oil shocks. This inability to plan or anticipate the full force of external shocks, suggests that just like strategic planning was advocated above, an understanding of catastrophism must be high on the agenda of understanding in the long-range scenarios of the OECS financial management.

Catastrophism, as we are using it in this present context, is a theory that seeks to understand the violent social upheavals in the body-politic and body-economic of a society. The upheavals in St. Kitts-Nevis in 1967, Trinidad in 1970, Grenada in 1983 and Trinidad, again in 1990, all point to the need for the regional decision-makers to anticipate the likely upheavals in he economies and plan accordingly. The issue with not planning for these catastrophic events is the fact that after a catastrophe, the expenditures associated with trying to restore some semblance of order in the country is normally subject to some discontinuous jump in the expenditures path. The path is similar to a "ratchet effect" type of system that obtains in a long-run consumption path.

One key issue that is meritorious of further discussion within the strategic planning cum financial management path is the issue of hurricanes. Hurricanes come under the rubric of catastrophes. The destruction, the associated looting and other calamities of hurricanes are now so frequent in the region that the mere mention of planning for these disorders is disruptive.

From a strategic planning point of view, the leaders and decision-makers in the OECS need to begin to look, seriously, at building codes, Pan-Caribbean disaster preparedness, and greater degrees of mobilization of resources before and after calamities. Crucial to all of these preparation is the financial implications stemming from the costs of the calamities, the insurance overlays, availability of labor and the timeliness in the restoration of devastated areas. The massive replacement costs associated with the capital and other infrastructural costs in replacing buildings and trying to put social order back to some approximation of the pre-calamity era, is something that must be high on the agenda of planning in the short run and the long run.

While there is some level of predictability of hurricanes, our argument is that we have enough evidence to plan for worst-case scenarios rather than assume that aid will arrive and that the aid will arrive on time. In implementing what will be a Keynesian precautionary mode, the opportunity of the use of funds devoted to precaution versus the use of funds in alternative endeavors will have to be analyzed and scrutinized to the nth degree and minutest level of complexity.

The razor's edge of development, is suggestive of the dynamic equilibrium of the Domar growth model (Domar, 1946). The model is unstable and that is why it is called a "razor's edge" model. The development is so thin that one magnetic turn to the left or to the right can tumble the economy into the abyss of destitution, the precipice of recession or the crater of depression. The economy can shoot off into hyperinflation or deep depression at any point in time. There are problems inherent in the Domar model. But, *ceteris paribus*, the growth in the OECS, over the last several years has approximated, in the limit, a Domar growth model *a la* the razor's edge scenario. Our suggestion is that the decision-makers have to undertake some strategic planning to try and cost out the financial implications of this type of planning and try and avoid the likely consequences of this type of growth. To avoid this razor edge type of development, the decision-makers in the OECS have to exercise keen financial management whereby they set realistic goals and manipulate the internal and external environment to obtain the desired objective of stable growth.

II. Factor Markets: Capital and Labor:

Capital and Mobility of Capital:

The question of deepening financial management in the capital markets revolves around the issue of the so-called regionalization of the stocks markets. In our discussion of capital markets, we are prone to put forward the idea that the OECS decision-makers have to plan for what may be termed the inevitable. Currently, the OECS member countries have rudimentary and fragmentary instances of capital markets. All of the governments have instances where they have bonds, debentures and or treasury bills. While the public is partially involved in these government securities, the Eastern Caribbean Central Bank is the main underwriter of these securities, in a narrowly defined sense of the term, underwriter. But, as it is well known, finance knows no boundaries in its search of areas of investment. If there are investment opportunities available, investment funds will move to those areas where the best returns are available. The question that must be kept on the agenda of financial management is whether the OECS as a reservoir of capital base can attract the kind of investment that will be required as the states move into the 21st. century? The case of Guyana demonstrates that it does not automatically follow that the areas with the highest need for the diffusion of funds will get the greatest infusion of funds chasing the highest interest rates

It is widely perceived that capital will flow across borders according to many assumptions. The Branson (1968) stock-equilibrium approach, the Mundell (1968) and Johnson (1971, 1972) monetary approach to the balance of payments are all tried and true approaches tested in the literature and have some merits. Concretely, the literature on capital markets and capital mobility centers on changes in domestic income, the current account balance, changes in domestic monetary instruments and changes in foreign interest rates on the demand and supply of money.

In the OECS the norm has been a very precarious system as far as changes in domestic income is concerned. The current account balances in the states have, for the most part, all shown negative balances. If this system is to persist in a type of chronic undertow of the economic system, this too, will be problematic as far as the capital market is concerned. Domestic monetary instruments in the OECS, as exemplified by the Eastern Caribbean Central Bank, have been bordering on the conservative.

The evidence from around the world suggests that changes in income are highly significant in explaining capital flows. Infrastructure and the level of infrastructure are also critical in the level of investment that a region or a country attracts. As Worrell (1989: 3-4) noted, "The prerequisites for investment are an orderly, stable society with obvious legitimate political authority, dependable public utilities and transport and basically sound education, health and social services. Once these are provided for, investment follows profitability." Worrel is concerned with the orthodox fallout of this prerequisite for investment and capital flows.

Conservative as the approach may sound, it is an approach that approximates reality. We are of the view that in the OECS the member states, too, will have to think of these issues if capital is to locate its own market and if investment is to seek profitability in the subregion. One merely has to consider the Japanese case in terms of capital flows and understand the substance of capital flows and capital markets.

Between 1978 and the present, Japan's role in the international capital market and international flows have been one of gargantuan proportions. Japan has followed the liberation of capital markets. In the context of the OECS and the wider Caribbean, the question is whether the region will truly liberalize the capital market system such that capital will diffuse to areas of highest interest concentration. If capital is to flow from the larger countries to the smaller countries, from the Jamaicas and others to the microstates, economic issues and financial managerial terms of reference and not quantitative controls and other barriers will determine the magnitude of capital flows and the size of the capital market.

Bourne (1988: 53-55) has shown that the investment ratios in most of the Caribbean countries have been stable with a tendency to decreasing at a constant rate. National saving rates are low, by and large, with a tendency to decreasing at a increasing rate. National savings as a percent of GDP has been very erratic in the

OECS countries. Except for St. Lucia which has shown positive savings to GDP ratio from 1977 to the present, all of the other countries have shown some negative rates over the same period. St. Kitts-Nevis and St. Lucia, in the OECS, have been chronic negative savers or dissavers (Bourne, 1988: 144, Table V.2). Positive savings rates will do a great deal to give the fillip to the OECS capital market.

While the capital market is considered in terms of the mobility of capital, the nature of the investment must be taken into perspective. Will the OECS be able to absorb long-term securities from the other regional states if the capital market becomes truly regionalized? What will be the role of equities in the OECS as the stock markets of Jamaica, Trinidad and Tobago and Barbados begin to penetrate the OECS? If the nationals in the OECS are permitted to invest in the stock markets of non-OECS states, will a similar strategy be permitted for non-OECS nationals to invest in the firms and other businesses in the OECS? If this external, but regional, investment is permitted in the OECS, to what extent will that capital swamp the local initiative? Will the local managers of finance rise to the challenge of a widened and broadened capital market?

What, too, will be the role of trade credits? What will be the role of private capital flows? Will the largest users of capital from the larger countries create a type of "crowding out effect" in the OECS as the large firms and businesses use their economic and political might to get funds? What type of interest rate regime will be in existence and how will it be managed? What type of external rate regime will the OECS be able to tolerate such that its financing gap is less precarious?

In summary, when we think of financial management in the capital mobility and capital markets, we are thinking of the nature of the market as it now operates in the OECS, the nature of the infusion of capital from the wider region and from within the region to other firms, and the degree of tolerance that all markets will have if capital were to flow freely? There is much talk about the regional stock market. It is clear that some thought must be given to the issue in the OECS. It is not merely a situation that will permit sterilization of the impact of the stock markets. Even though there is no stock market in the OECS, it will not be possible for a long time that the OECS will be outside the main event. The capital market in the OECS has to develop such that the subregion is fully part and parcel of the capital market as exemplified by the capital market which obtains in the larger countries.

In this issue of the capital market and capital mobility, cost has to be clearly demarcated. The goals and objectives of the OECS as the leaders perceive of those goals and objectives within the planning context of the members states, have to be such that the sustainability of the OECS relatively to the carrying capacity of the region is of moment. The one issue that will loom large is the issue of interest rate. This is such a thorny issue that the OECS leaders will have to give cogent thought to the impact of the capital market in terms of its scope and in terms of the mobility of capital as the interest regime is manifested.

Linked to the interest rate also, is the soon to be established Common External Tariff (CET). January 1, 1991 has been designated as the date for the implementation of the CET. The larger countries are expected to put the CET into effect by January 1, 1991. The OECS and Belize will follow and Montserrat will have a special arrangement. The critical issue here is, will the CET have negative repercussions on the capital market and the mobility of capital in the region? It is not clear what will occur. What we do know is the fact that among the CET's provision, provisions will be set in train such that the special revenue needs of member states will be taken into consideration. Even though some attention is being paid such that the CET will not push up, unduly so, the cost of living in the members countries, it is clear that the cost of living will be pushed in some countries. The OECS are sure to suffer as a result of this new CET regime. This may be a short-run phenomenon until such time as the "diffusionary" aspects of the CET takes effect.

The leaders in the OECS will have to introduce strong levers of financial management to cost out the impact of the CET on the subregion.

Labor and Labor Mobility:

The movement of labor in the region and particularly in the subregion of the OECS will require a deep understanding and when that understanding is fully placed on the agenda of consideration, the financial managerial aspects of the labor mobility will have to determined. It is to be remembered that we are discussing the deliberate action or manipulation of revenues and expenditures to attain some specific goals and objectives.

Over the last few years, there has been an increasing tendency to discuss the question of labor mobility. The issue that is crucial here, from a financial management point of view, is the nature of the mobility. There are experimental cases such as that discussed between Antigua and Montserrat. There are also some instances in the Windward Islands. No clear set of policies are on the agenda for discussion.

Will labor mobility go beyond mere professionals who are merely moving from one country to another to provide technical service or expertise service? Will there come a time when labor will move freely and not be subjected to the battering of rules and regulations of the host country? If the rule and regulations are suspended relative to who can move and how many can move, will this scenario throw the OECS, as a recipient region, into an economic tailspin? Forecasting will be of importance here.

This issue of labor mobility, or labor migration, if you will, has not received a great deal of discussion in the regional literature. In labor economics, however, the topic has its fair share of discussion. In terms of the OECS, there is a need for the decision-makers to try and come to grips with the entire question and issue of labor mobility. The policies which are now in existence are really possibilities tantamount to arbitrary whims and fancies of immigration officers. The principal feature to consider is what will be the possible impact of people moving into one country as opposed to another? What will be the impact of people moving from the larger countries to the microstates of the Eastern Caribbean? Will the OECS states have the required infrastructural accouterments to facilitate movements of large numbers of people? What will be the short-run and long-run costs?

If we are to understand the effect of labor mobility, and if the leaders in the OECS are to deepen their financial management capacity such that they will be able to cope with labor mobility that has already started from the larger countries to the OECS, then we need to understand the wage differential between the OECS and the larger countries. Under conditions of perfect and costless information, there will be a tendency for labor to migrate from areas of high labor concentration and low wages to areas of high wages and shortages in the labor pool. This movement will occur, _ceteris paribus_, because people want to achieve the highest pay for their services. If the regional market is permitted to be seen holistically, the movement of labor from the larger countries to the microstate economies of the OECS will be such that the real wages will rise in the larger surplus labor countries and will fall in the OECS. The existence of a wage difference between the OECS and the larger countries of the region will entail that labor will move from the area of low wage to high wage. This movement of labor across the low wage/high wage threshold will impact on the wage differential and tend to equalize the wages. This model is a classical economic model. There are a number of intervening factors that may prevent the smooth movement as the model suggests.

Two intervening factors come to mind. Information is costly and imperfect as far as the movement of labor from the larger countries to the OECS. The financial nature of the information may thereby prevent a rapid diffusion of labor from outside the OECS into the OECS. Hence, the wage differential may not be equalized as quickly as the model of labor mobility will indicate. Of course, the presence of families and friends in the countries outside of the OECS will filter out the errors in the information and prevent substantiative information about job opportunities rather than "false noise" about job realities.

The other critical issue that has to be considered is the age profile of the people who are now moving into to the OECS. From our observation, a large number of the persons who have been moving from the larger countries of the region into the subregion of the OECS are older persons. There are benefits to the migration process. But, the older the migrant, the fewer the years the migrant has to devote to productive services. Given the economic conditions in some of the larger countries of the region, it is clear that some migrants view their options to be better if they enter the migration stream. They see their benefits far outweighing the costs of migration. The potential benefit to the migrant in any given year is what he or she can earn in the larger country of the region and what can be earned in the OECS. The total benefit is really the discounted sum per annum over the remaining worklife of the individual.

For the OECS, the presence of the migrants in the OECS labor market means that the some level of human capital is being added to the labor pool. However, their is a cost associated with this migratory inflow. This is where the decision-makers have to use creative financial management to try and anticipate and forecast the likely impacts of this mobility of labor into the subregion. It is to be remembered that we are discussing the manner in which the OECS leaders will have to organize their financial portfolios such that they can manipulate their revenues and expenditures to deepening and broaden their capacity to be more viable in the years ahead. This strategic (long-range) approach to planning must be central in this case of labor mobility, as it was in the case of capital mobility and as it was in the overall case of strategic planning from a generic perspective. To plan is to act; not to plan, is to react. The OECS decision-makers have more to gain by setting up planning parameters rather than reacting to the inflow of labor and assuming that conditions in the external environment will improve in the long run.

III. Regional Bank and Common Currency:

The final issue that we want to discuss in this paper of deepening financial management is the issue of the Regional Central Bank and a common currency. There are many views on this issue. William Demas, Courtney Blackman, DeLisle Worrel and others have put forward several views, sometimes in concert, some in contrast, as to the merits and demerits of a regional Central Bank and a common currency. The merits and demerits can be established, depending on which side of the economic spectrum one falls. It also depends in which economic grouping one happens to be: namely, in the OECS or the rest. Of central importance to our paper, however, is the necessary and sufficient conditions that must be established in the OECS for what will be the inevitable: namely, a Regional Central Bank and a common currency.

For those of us who believe in the integrative approach to fiscal and monetary policy, this idea of a regional Central Bank and a common currency is of moment. The decision-makers in the OECS already have the Regional Central Bank and the common currency on their agenda. The question is, what is the level of forward planning to anticipate the inevitable. If we are making the correct assumption that creative forward planning is essential and that the leaders will have to manipulate revenue and expenditure trajectories to anticipate what will come, how can deepening financial management help?

The Central Bank in the OECS is being promoted now as a leader just like the OECS is being projected as a success story. The stability that the ECCB has been able to maintain in the economies of the OECS is a stability that, for the most part, is local stability in the individual countries and global stability in the subregional countries. In the context of a Regional Central Bank and a common currency, ECCB's role will change. Its functions may or may not change. ECCB is now a multi-bank multi-country institution. In the context of a Regional Central Bank, its powers may be limited for the benefit of the larger experience. The disparate levels of currencies in the regional will have to be in some common basket perhaps similar to the European Currency Unit (ECU), the Special Drawing Rights or what may be termed the Caribbean Currency Units (CARICU).

Deepening financial management will help in this Regional Central Bank and common currency in that the scope of creative financing that is open to the Central Bank of the OECS, namely the Eastern Caribbean Central Bank, is a scope that is yet to develop to its fullest potential. But we are not discussing the pros and cons of the Regional Central Bank and the common currency. What we are suggesting is that the intellectual tool kit should now be oriented to analyzing the financial implications of such a development. This discussion should center on the rigidities, the instabilities, the economies of scale and cope and other tractable and intractable problems that will attendant the regional Central Bank and the common currency. In a word of sufficiency, what we are suggesting is a pattern of forward planning in the OECS such that decision are not made in crisis mode but rather in a preemptive strike zone. It is not merely to consider the issue of the Regional Central Bank and the common currency; it must be also that efforts are devoted to a consideration of the displacements effects that will accompany such a development in the short run and the long run.

Conclusion:

The kernel of this paper, "Deepening Financial Management in the Organization of Eastern Caribbean States," is fixed with a mode of understanding that is scoped around discussion of three key issues. The issues are: strategic planning, factor mobility, specifically labor and capital, and the inevitability of the Regional Central Bank and a common currency. We could have discussed, among other issues, the graduation of the OECS from the International Development Agency/World Bank, a greater presence of the Eastern Caribbean Central Bank's in member Bank countries, the revenue/expenditure nexus and the attendant instability, taxes and the impact/incidence scenario, debt projections and growth planning. All of these could have been discussed with a view of anticipating plans and policy implementation. We did not discuss these other issues because we wanted to use a different approach to financial management. We wanted to underscore the point that management, consciously recognized or not, was at the heart and is in the center of what is now termed the success story in the OECS. If the success story is to continue to be a success, then the decision-makers in the OECS have to project their thinking and gene-splice their plans such that they are ahead of the game as far as long-term developments in the subregion are concerned. Success by default is more precarious than success by muddling through. In the 21st. century into which the OECS and its people are now moving, it is of moment that financial management be put center stage. Some financial management is in place. Our paper is timed to suggest that the deepening of this management will underscore the success that was attained and may also broaden the benefits spectrum for the OECS and the wider Caribbean.

Financial management is, as we have said, the conscious manipulation pf public sector revenues and expenditures in a directed, controlled manner such that specific, planned goals and objectives are attained. It is our view that the three issues, namely strategic planning, factor mobility (capital and labor) and the Regional Central Bank and a common currency are high on the agenda of operations. In this regard the cost implications of these issues have to be demarcated now rather than when change overtakes the regional decision-making directorate.

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