



XXX Annual Monetary Studies Conference

The Central Bank of The Bahamas

In conjunction with

Caribbean Centre for Monetary Studies

The McIntyre Legacy and the 21st Century
Caribbean Society

By

Colin F. Bullock
Bank of Jamaica
Kingston, JAMAICA

Sheraton Grand Resort
Paradise Island, THE BAHAMAS

October 26 – 30, 1998



THE McINTYRE LEGACY AND THE 21st CENTURY
CARIBBEAN SOCIETY

BY

COLIN F. BULLOCK

XXX ANNUAL MONETARY STUDIES CONFERENCE
NASSAU, BAHAMAS

26 OCTOBER 1998

The views expressed are those of the author's and are not intended to represent a position of the Bank of Jamaica

THE McINTYRE LEGACY AND THE 21ST CENTURY CARIBBEAN SOCIETY

Introduction

Today the Caribbean Centre for Monetary Studies (CCMS) and the regional grouping of Central Banks which it represents, has sought to honour the work and achievements of sir Alister McIntyre. Sir Alister has, in various capacities served individual Caribbean countries, the collective region and indeed the wider world for some forty years. The effort to formalize this recognition is timely as Sir Alister, as a principal founder of the Regional Programme of Monetary Studies and catalyst in its reorganization as the CCMS, has only recently retired after a decade as Vice Chancellor of one of the strongest manifestations of regionalism, the University of the West Indies. In an image readily recognized by the consummate Caribbean man we add our own "well played Sir Alister."

The Professional Life and Times of Sir Alister

The life and work of Sir Alister has spanned the transition from colonialism to post colonial society in the Caribbean. In one of his earlier recorded publications, co-authored with that other distinguished Caribbean scholar, Dr. Lloyd Best, in 1961, he critically evaluated the objectives of the nascent, pre-independence Bank of Jamaica. While formally being an

economist by training and early specialization, his writings and work in various capacities have betrayed an absolute appreciation for the conceptual indivisibility of society and by extension the social sciences and social institutions. It is in recognition of this that the CCMS seeks to discuss the legacy for Caribbean society as distinct from the more narrow reading of economy.

Sir Alister would have been educated in the time context of the political decolonization of the English speaking Caribbean. His early life as an academic would have witnessed the rise and fall of the intended vehicle of decolonization, the West Indies Federation. Decolonization and the unity of Federation carried with them the region's hopes of addressing monoculture, socio-economic dualism and underemployment as engendered by over three hundred years of dependence in all its political, economic and psychological aspects. As these aspirations survived the breakup of political Federation, economic integration and functional co-operation have been pursued as a vehicle for socio-economic amelioration in the Caribbean.

Sir Alister in a long, distinguished and varied professional career, has borne the burden of Caribbean society's aspirations for socio-economic enhancement. In an amazing breadth of endeavour, he has lectured in

Economics at two campuses of the University of the West Indies, headed the Social Sciences Division at St. Augustine and then the institute of Social and Economic Research at Mona, in which capacity he facilitated the emergence of this regional programme. He then served as CARICOM Secretary General before serving the wider international community, the developing world in particular, through the UNCTAD. In 1988, he returned to head the regional University, in a state of transition, thereby becoming one of very few individuals to have headed two of the major institutions for intra-regional co-operation.

His academic and regional and international administrative responsibilities have not prevented him, in varying capacities serving the Governments of several Caribbean countries including notably (but not exclusively) the Governments of Jamaica, Belize, the Republics of Trinidad and Tobago and Guyana, and the Organization of Eastern Caribbean States. As befitting his professional distinction, he is often pressed into service on varying international committees, task forces and expert groups on, inter alia, regional integration, trade and development and education. As recently as 1997, he was Chairman of the technical Advisory Group to the CARICOM Regional Negotiating Machinery on International Economic Negotiations and despite talks of retirement is to continue to represent the Caribbean in a similar vein.

The breadth of Sir Alister's endeavour is reflected in equal measure in the breadth of his writing and publication. These have included issues in regional integration, trade led development, world trade and underdevelopment, international trade reform, North-South and South-South issues, tourism, business environment in the Caribbean, education and human resource development. He has also written on central banking, monetary and foreign exchange policy, currency arrangements and macroeconomic adjustment policy.

The life, work and scholarship of Sir Alister are intrinsically, a legacy to Caribbean society. Practically he has kept the spirit of regional integration and functional co-operation alive, and sought to enhance the productive integration of relatively small Caribbean Society and Economy into an increasingly globalized economy through trade. While it is impossible to do full justice to the scope of his efforts in this forum, comments on some selected aspects may illustrate the depth of his concern and contribution.

Regional Integration

Sir Alister despite, and not necessarily because of, his term of office as CARICOM Secretary General, has always been inextricably identified with the movement for regional economic integration. In 1983, on the occasion of the

tenth anniversary of CARICOM, Sir Alister made a presentation on the "Review of Integration Movements in the Third World with Particular Reference to the Caribbean Community." He had occasion to advise:

"..... that the regional integration movement is in deep trouble. In the best cases, integration schemes are going through periods of great difficulty characterized by a slow-down of the decision making process, a reluctance to adhere to regional commitments and obligations and in some instances, even a reversal in decision making itself."

One wonders how much of this would change if Sir Alister were to offer his frank appraisal today.

In regretting this apparent failure of regional integration movements in developing countries, he emphasized the importance of such movements for developing countries for optimal accommodation with an increasingly hostile international economic environment.

Regarding "internal actions necessary for strengthening integration schemes," Sir Alister spoke to "the relationship between national policies and

integration" and "the need for greater selectivity and flexibility in the implementation of integration policies." On the former, he noted that no grouping had set up a system "for regular consultation among member states on economic policy." He goes on to note that:

"The problem is, however, not essentially an institutional one. Its substance is that most Governments in the Third World have not fully recognized that a major aspect of the integration process is the achievement of greater convergence among the national economic and development policies of Member States."

Only recently, in the context of discussions of monetary union, there has been reflection on the effective use of convergence indicators being carefully prepared by the staff of the Caribbean Centre for Monetary Studies.

The presentation cautioned against grand schemes for integrated production, noted limited progress in the expansion of intra-regional trade in the Caribbean, noted the absence of production integration and of a regional framework for industrial development, and proposed widening of CARICOM. After fifteen years, while there has been some progress, including the Common

External Tariff, and single market and some limited widening, the mooted regional framework for production has been conspicuous by its absence.

Perhaps the most important part of the presentation, however, related to "Functional Integration" and the 'People' Aspects. Sir Alister posits the importance of functional integration in widening the constituency of the regional integration movement. He notes that:

"All of the integration movements in the Third World suffer from the common weakness that they have not yet managed to reach out to the population in their member states If self reliance is to become the dominant objective of integration movements, then larger sections of the population, including the non-governmental sectors have to become involved in the process. This is perhaps the most formidable challenge facing the policy makers in the years ahead."

There is still a concern that the integration movement remains an intellectual pursuit without popular support driving political action. Without increased functional co-operation and socio-cultural integration, do we remain confident

that "The process of integration and co-operation among Third World Countries is now irreversible?"

Economic Development Central Banking and Adjustment Policy

In the slow march of the regional integration process, the small individual nation states of the Caribbean have had to grapple with issues of development and latterly adjustment. Sir Alister, throughout his various careers, has been internationally associated with the evolution of thought on these issues.

It is generally conceded that Caribbean structuralism, through variations of the Plantation School, has done an excellent job in tracing the social, economic and psychological roots of dependence and underdevelopment in the Caribbean. In this context, the works of Professor Best in "Pure Plantation Economy," Professor Girvan on the institutionalization of dependence through multinational corporations and the tour de force of the late Professor George Beckford on the multifaceted roots of dependence through "Persistent Poverty" stand out. In the late 1960s and early 1970s also, the New World Group was asking, as is still being asked in Jamaica today, "Sugar, Our Life or Death?" The discussion on underdevelopment was further enhanced by the

work of the Hon. William Demas on the constraints of small size as an imperative for integration.

Sir Alister, professionally, was closely associated with most of these great Caribbean economists and would have collaborated with them intellectually. There were several co-authored pieces and position papers emerging from his work at both the St. Augustine and Mona campuses of the U.W.I. In introducing Mr. Demas' "Essays on Caribbean Integration and Development," he sought to bridge the divide between Mr. Demas' focus on size and Professor Best's focus on dependency, in a context of regional integration. Despite this close interface, however, Sir Alister's name does not spring immediately to mind when "Plantation School" and "Size and Dependency" are mentioned.

Beyond the clear integrationist perspective of the "small size" argument, Caribbean structuralism is often seen, perhaps unfairly, as being stronger on diagnosis than prescription. There is often an impatience that while the historical, socio-economic, cultural and psychological roots of exploitation are clearly identified, these do not appear to be clear technocratic, as distinct from institutional solutions for the way forward.

In the paradigmatic and often polemic 1960s and 1970s, full of "roast breadfruits" and "class enemies," Sir Alister practically bridged the division between dependency theory and classical/neo-classical international trade theory as a practical basis for economic development. While being a Caribbean integrationist, he readily saw beyond the intra-regional integration to the importance of a productive accommodation with the wider world economy. In this context, he saw world trade and its nuances not so much as a constraint, but rather as a challenge to be understood and negotiated with to the benefit of the region. In this regard, he pointed to practical means of seeking accommodation with the wider developing world and the metropolitan centre.

Sir Alister's intellectual interest in Central Banking, Monetary and Foreign Exchange policy in the Caribbean, pre-dated the 1968 formation of the Regional Programme of Monetary Studies by several years. In 1961, at the formation of the Bank of Jamaica as the pioneer central bank in the English speaking Caribbean, he co-authored with Professor Lloyd Best "A First Appraisal of Monetary Management in Jamaica." That early article identified ambiguity in the statement of objectives in the Bank of Jamaica Law regarding "failure to distinguish between primary and secondary goals" which

is only now, 37 years later, being corrected through redrafted legislation. In the context of their assertion that the primary objective of the Bank of Jamaica should be economic growth/development, the law was scored for ambiguity in appearing to sub-ordinate "the promotion of economic development" to "the defense of the internal and external value of the local currency."

Twenty-four years later, Sir Alister delivered the opening statement of a seminar to commemorate the 25th Anniversary of the Bank of Jamaica in October 1985. In the statement entitled "Facing Adjustments: The Interplay Between Monetary and Development Policies" he offered retrospectively that elements of the 1961 evaluation may not have been correct but still held firmly that:

"..... I think that we were correct in saying that the principal objective of the Bank, and of monetary policy, should be furtherance of the growth and development of the Jamaican economy."

With a Bank of Jamaica mission statement centered on currency and financial system stability, informed by protracted inconstancy in stabilization, we should perhaps entreat a further update on Sir Alister's perspectives. In the final analysis, however, the issue may be more semantic than substantial. As

Central Bankers perceive stability as an ideal context for investment, growth and socio-economic welfare, perceptions of sustainable growth through inflationary financing (not being attributed to Sir Alister or Professor Best) are rapidly diminishing in their persuasiveness.

While Sir Alister entered the standard disclaimer relative to the UNCTRAD Secretariat, the statement itself should be required reading for country economists at multilateral lending institutions. Relative to the typical MFI sponsored adjustment programme which often focus narrowly on macro-economic resource balance and the "appropriate" set of economy wide prices, Sir Alister posited medium-term adjustment as incorporating microeconomic efficiency issues with macroeconomic policy.

In a way still immediately relevant to countries undergoing years of stabilization with indifferent growth, Sir Alister identified the roots of deflationary adjustment:

".....when the sources of balance of payments pressures are due to factors other than excess demand, the use of generalized deflation by means of credit reduction is likely

to involve significantly larger losses in output than if more selective policies were used."

As examples of these factors he speaks of adverse terms of trade shifts and sectorial supply inelasticities. In circumstances such as these, "efficient adjustment" entails policies targeted at enhancing productive investment, efficiency and output and not just macroeconomic demand constraint. More time and additional resources are then necessary to facilitate such a process. He concludes that "debt and adjustment problems cannot be solved without vigorous efforts to find new sources of growth in the economy."

That these arguments would also apply to circumstances in which exchange rate adjustment may be inappropriate had been implicitly addressed by Sir Alister and "a group of economists at UWI, Mona" on "Devaluation and Dependence" some eighteen years before. A masterpiece of lucidity without one reference to Marshall-Lerner conditions or comparative demand and supply elasticities, it formed the basis for much of our subsequent understanding of the relevant merits of devaluation in the Caribbean.

Sir Alister's 1985 statement covered several other issues of critical importance including the negative implications for the world economy of

simultaneous multi-country stabilization and of asymmetric demands on surplus and deficit economics in international commerce. Especially worthy of note, however, is his intellectual depth and social sensitivity is his making the appropriate mechanism for burden sharing intrinsic to the success of the adjustment process. Incompatible factor demands have to be resolved by incomes policy, de facto or de jure, through multiple exchange rates, adjustment of subsidies, wage and price controls or a negotiated "social contract". The latter, he saw as "probably the solution most compatible with the maintenance of democratic institutions." Notably, Barbados has a record of success with negotiated burden sharing while Jamaica has been less successful so far. It is worthy of note that inflation tax was not proposed as a suitable alternative.

University Administration

It would not be appropriate to close without some comment on Sir Alister's last decade at the functional apex of the regional University. His assumption of the Vice Chancellorship in 1988, in extremely challenging circumstances was in one sense the closing of the unfinished circle of his academic youth and maturation. It also reflected his personal commitment to education as a basis for development and also to functional co-operation in the Caribbean.

Sir Alister assumed office at a time when UWI faced difficulties regarding its finances and financial and general administration. Contributing Governments were variously less than faithful in meeting commitments and there even appeared to be vague threats to the regional character of the university. There were concerns about academic standards and even accreditation of some professional schools.

Sir Alister demitted office in recent months with most of the concerns substantially resolved and the university's regional character still intact. Sir Alister's stature within the region facilitated better relations with contributing Governments. Internal administration was overhauled and restructured with judicious changes in personnel where necessary.

Academic standards have visibly been raised. Under Sir Alister's direction there have been demands for better qualified faculty and for more visible and higher quality research output. The Bank of Jamaica, in recent years, has benefitted from noticeably more highly trained alumni of the graduate programme in Economics at UWI, Mona. This has emerged from a combination of higher effort and new faculty. The challenge remains for the

bright, young faculty, however, to acquire some of sir Alister's feel for applied economics by emulating his unstinting passion for public service.

Sir Alister's Legacy

From this selective rendering of Sir Alister's professional life and work, what is his legacy for the 21st century? Before attempting the difficulty of crystallization from the breadth and chronological span of his efforts, however, some hopefully pertinent comments on "legacy" in this context may be in order. Firstly, legacy is often not appreciated and therefore wasted by profligate children. It follows easy from this that if the inheritors do not seek to foster the growth and dynamism of the legacy that it may atrophy, wither and die. Finally, and contrary to the terminal implications of "legacy," Sir Alister is, physically, professionally and intellectually, alive and well. As befitting the burden of excellence, he is still being pressed into the service of the Caribbean region.

A limited listing of Sir Alister's legacy to Caribbean Society would include the following:

1. He built a bridge from historical – institutional analysis to practical policy responses.

2. He enhanced and even integrated the analytical bases for regional integration.
3. He deepened our technical appreciation of the location of the Caribbean in wider international trade.
4. He has offered basic common sense and clarity of thought on the issue of growth oriented adjustment.
5. He has administered with distinction two of the major regional institutions.
6. His contribution to the UWI includes the preservation of its regional character, enhanced administration and internationally competitive standards.
7. A general record of public service to national and regional institutions which is arguably unparalleled within the Caribbean region.

The ranking of this multifaceted and often overlapping contribution is moot. With the progressive shrinking of the global village however, the conceptual and practical accommodation of the Caribbean with the changing world economy, and the fostering of education of international standards would appear to be of very deep fundamental importance to the Caribbean of the 21st century.

The inheritors face the challenge of the furtherance and enhancement of the legacy. These challenges include:

- a) Further bridging of the divide between academia and applied policy.
- b) Meeting the socio-institutional challenges of burden sharing in the adjustment process.
- c) Cementing political will for regional co-operation through popular socio-cultural and institutional exchange.
- d) Optimally adjusting to globalization.

- e) Maintaining educational institutions and processes which are as good as the best in the world.

In closing, while saying "*well played Sir Alister,*" we note with satisfaction that the innings continues.

23 OCTOBER 1998