

Remarks by Honourable Stephenson King
Prime Minister and Minister for Finance, Economic Affairs, and National Development
on the occasion of the commencement of the
Regional Training Course on Macroeconomic Management
and Fiscal Policy Issues
conducted by the International Monetary Fund
in collaboration with the
Caribbean Regional Technical Assistance Centre (CARTAC)
Saint Lucia
17th March, 2010

Ms. Therese Turner-Jones, Programme Co-ordinator, CARTAC
Ms. Valerie Cerra, Deputy Chief, European Division, IMF Institute
Officials, Tutors, Participants
Ladies and Gentlemen

It is with great pleasure and a sense of keen anticipation that I welcome you to the opening of this training course on Macroeconomic Management and Fiscal Policy Issues.

It is not often, in this area of public life, that an urgent need is addressed by precisely the kind of response required to support effective policy making. This critical juncture in our history, particularly as we emerge from the deepest recession of modern times, demands a bold and creative approach to economic management.

The recent economic performance of Caribbean countries in the wake of the global financial crisis, is an indication of the limited fiscal space available to policy makers to implement counter-cyclical measures to combat the impact of the crisis. In the majority of cases and despite the best efforts of countries, revenue lags behind expenditure and fiscal gaps are widening, debt to GDP ratios are high and rising, the cost of servicing debt is becoming more burdensome, employment pressures are increasing and foreign exchange earnings, particularly from tourism and other services, continue to come under serious pressure.

As if all that were not enough, the entire region is vulnerable to natural disasters, particularly hurricanes and earthquakes. All too often we are left to count the cost of natural disasters in human lives, as was, and continues to be demonstrated in Haiti, following the recent earthquakes. All our countries have narrow production bases and are exposed to both natural

and environmental forces as well as the vagaries of global economic change, some of which has its roots in the poor economic policies of far larger and more powerful countries than ours.

Yet, despite the effects of natural and man-made shocks, we can still apply the tools of sound economic management to achieve positive outcomes. Indeed, proper management is both necessary and desirable whatever the circumstances, particularly where public funds are concerned.

However, economic management cannot be effectively undertaken in a vacuum. It is not guesswork and as far as we are concerned, it has profound implications, for better or worse, for the people of the Region. Effective management requires the support of a cadre of trained professionals, equipped with the requisite tools to enable them to undertake relevant research, contribute to the process of designing appropriate policies, provide advice and engage in a meaningful way in implementation and execution. It is necessary for them to have a sound knowledge of fiscal policy issues and the implications for macroeconomic management.

This course designed for middle and senior management officials in Ministries of Finance, Planning and the Economy and at Central Banks, is as timely as it is relevant. The coverage of the course on a range of relevant topics, including the following, is comprehensive: tax and expenditure policy; fiscal analysis; rules and standards; fiscal vulnerabilities; the financial crisis and fiscal sustainability; fiscal and monetary policy co-ordination; public debt management and financial programming and policies. These are all important for the proper understanding and appreciation of the goals, objectives, content, costs, benefits and impact of economic policies. The course ought to provide a sound basis for developing a body of skilled professionals with the capacity to support policy formulation throughout the Region.

This is the latest in a series of courses provided by the I.M.F. Institute to professionals from our Region over the years. Saint Lucia and other Caribbean countries have benefited from training in macroeconomic analysis and policy, fiscal policy, financial programming and related fields. There are middle and senior managers scattered across the public service of Saint Lucia and the Region, who were once recipients of training provided by the I.M.F. Institute.

However, in most cases the courses were held in Washington D.C., and only a limited number of our professionals could be accommodated. Space was at a premium and trainees were selected from among eligible candidates from all the member countries of the Fund. When the Institute began offering courses in the Region, it became possible to train a significantly greater number of professionals than before.

The course being held here in Saint Lucia over the next fortnight, is being attended not only by Saint Lucians, but by managers from many countries of the Caribbean Region. We are pleased that the I.M.F. Institute is running the course in the Region and in particular here in Saint Lucia. I would like to thank the Fund, you, Ms. Valerie Cerra, Deputy Chief of the European Division of the I.M.F. Institute, as well as all the organizers who made it possible.

I would also like to commend CARTAC for their role in bringing this course to the Region and to Saint Lucia. Though many people were undoubtedly involved, I would especially like to thank Ms. Therese Turner-Jones, Programme Co-ordinator for CARTAC, and Ms. Miriam Blanchard, the Macroeconomic Advisor at CARTAC who has been providing assistance and training in macroeconomic and financial programming to the Ministry of Finance, Economic Affairs and National Development here, and who was instrumental in bringing this course to Saint Lucia. Let me also take this opportunity to thank CARTAC for the excellent work they have done and continue to do in the Region. Their flexibility, responsiveness and timely intervention have made a positive difference to the supporting environment in which policy formulation is conducted in the Region.

Ladies and gentlemen, an understanding of economic issues and the fine points of macroeconomic management can be enhanced by obtaining a deeper appreciation of the social and cultural life of a people. Training aimed at producing well-rounded professionals must, surely, include formal and informal opportunities to experience and feel the pulse of the community around you.

I invite you to take the time to sample the rich cultural diversity of Saint Lucia during your stay here.

I am confident that you and the institutions and countries from which you come will benefit greatly from this course, and wish you an interesting, instructive and ultimately fruitful two weeks.

Thank you.