

“Pathways to Progress in challenging economic times - Our Response” – Address by Hon. Stephen A. Lashley, M.P. to St. Philip South Branch of the DLP on Sunday, April 26, 2009

I am happy to be addressing you this afternoon as a member of Government, now just one year and 3 months into our first term of office following the January 15<sup>th</sup> General Elections.

I also want to congratulate you for having the courage to demand change in our country by electing my colleague and friend Adriel Brathwaite as your Parliamentary Representative.

This evening, I want to address the topic of “Pathways to progress in challenging economic times – Our Response”. And I want to do so by examining some basic issues that I believe we need to address.

Economic Issues

We first need to place the economic issues we face in perspective. Everyone is aware that there is an ongoing international slowdown which is and will have an impact on Barbados and the rest of the world.

In his 2008 Financial Statement and Budgetary Proposals, the Prime Minister gave us a glimpse of what was on the horizons for the year 2009. According to his projections at the time –

*“For the first two quarters of 2009, growth in most of the non-traded sectors is projected to slow relative to the corresponding period of 2008. In line with the anticipated dip in tourism, the output of the wholesale and retail, transportation, storage and communications and business and other services sectors should slow. Moreover the level of construction activity is expected to remain relatively unchanged throughout 2009”.*

He also outlined the current major issues as:

- Projected slow rate of growth in tradable sectors, particularly tourism
- Vulnerability in food and energy with resulting pressure on growth of the economy and impact of inflation on the poor.
- High national debt and an already high fiscal deficit
- Pent-up unsatisfied demand for housing by lower and lower-middle income families.

Internationally, the International Monetary Fund has confirmed the impact of the global recession and in its recent World Economic Outlook made this observation:

*“The global economy is in a severe recession inflicted by a massive fiscal crisis and acute loss of confidence. While the rate of contraction should moderate from the second quarter*

onward, world output is projected to decline by 1.3 percent in 2009 as a whole and to recover only gradually in 2010 growing by 1.9 percent. Achieving this turnaround will depend on stepping up efforts to heal the financial sector while continuing to support demand with monetary and fiscal easing”

In addition, recently the IMF made the point that the rate of recovery or growth in emerging economies, such as Barbados, will to a large extent depend on how quickly the developed countries can forge a turnaround in their economic fortunes.

Recently the Governor of the Central Bank was quoted in the Tuesday Nation Newspaper as saying that the Barbados economy is not in crisis despite a negative forecast by the credit rating agency, Standard & Poor’s.

I wish to quote what Dr. Williams is reported to have said:

“The word ‘crisis’ is probably not appropriate to Barbados’ financial landscape at this time. It is absolutely true that Barbados cannot be expected to be insulated from the global financial crisis and economic recession. But the condition of the financial system in Barbados, even taking into account the global financial scenario and global recession, while it faces challenges, I would not say it is in crisis”

Dr. Williams made the point that Barbados continues to enjoy the highest credit rating in the Caribbean and that this stood out as a being favourable for investment.

She also listed a number of buffers which Barbados has that do not exist or exist to a lesser extent in other financial systems, namely:

“The local cash reserve requirements; the secondary reserve requirements, the foreign reserve cash reserve and the second tier reserves”.

She also said that while some of these buffers were used by other central banks, they were “protective devices peculiar to the Central Bank of Barbados”.

And she went on to making a very interesting observation, that her involvement in that particular symposium should be interpreted to mean that the focus is to prevent the impact of any global financial crisis impacting on Barbados.

I have opened with these observations because, I too believe that our focus should be on how we can prevent or cushion the impact of the global recession on Barbados, particularly on our productive sectors and the vulnerable in our communities.

## Change

How does all of this impact on our manifesto of pathways to progress?

I have never known of a DLP Government that runs away from challenges. I believe that already, our responses to the global economic slow-down has shown that you have a “thinking” Government and does not function based on panic. One of the key steps taken by the Prime Minister was the establishment of an Economic Advisory Council to monitor and advise on global economic trends.

I also believe that Barbadians understand that everything cannot be changed at the same time and that we have to be given time to implement our programmes of change. I usually spend time during my weekly clinics to explain to constituents that as a new Government, we will need time to resolve myriad areas of neglect left behind by the former administration. I believe that persons like you within the Branches have a role to play in assisting us to manage this transition and the very high level of expectation.

The economic challenges will in my view force us to be even more creative and innovative in the implementation of the “pathways to progress”.

Notwithstanding the mouthings of the Opposition, we have seen purposeful responses by us in Tourism – both at the level of maintaining airlift as well as implementing a financial programme to hotels and other players in the financial sector who encounter problems during the recession.

We have also seen a renewed focus for Invest Barbados to go out there and market Barbados as a viable jurisdiction for investment.

Specific action has been taken to protect our foreign reserves as well.

Our capital works programme has also been outlined.

What we can do at the local level

But I believe there are some things that we can do at the constituency level to assist Government in the task at hand in protecting us from the full impact of the global economic recession.

At the political level, Branches must become more proactive in retarding the growth of Barbados Labour Party propaganda that is designed to create confusion. One of the reasons why we had to bring several supplementaries to Parliament particularly last year, was to account for millions of dollars in debt left hanging by the former Government. Unchecked spending on the ABC Highway project, the Prisons, the NHC building at Warrens among others.

It is therefore very difficult to hear spokespersons from the BLP castigating the Government on financial matters when it was due to their fiscal negligence that we had to clean up the public accounts and bring about some financial prudence and accountability.

So my advice is that Branches must be very vigilant and be ready and willing to assist their MP in clarifying issues to constituents.

Branches can also become reservoirs for suggesting strategies and approaches to their MPs for incorporation in the various policies of Government. So, what I am calling for is for Branches to see themselves as real stakeholders in your Government but not taking anything to chance and by becoming active for a for braining storming and involving mass-based community participation as you do so.

Now is the time for Branches to get out of schools and meet in the community next to people's houses where the people who need to be informed can participate. We face a single challenge particularly in these challenging times of ensuring that we are not defeated by BLP propaganda by failing to keep our population informed of our various steps along the way in managing the impact of the global recession.

Branches can assist MPs in putting together newsletters and fliers to keep constituents informed of Government's policy initiatives and also of what is happening within their own communities.

The dynamics of this global recession must in my view bring out the resilience of Barbadians. We must begin urgently to look within our communities for solutions that will create avenues for our own sustainability.

I'm talking about self-reliance measures – community markets – (I'm planning to launch one in my constituency) where our vendors and home-based entrepreneurs can have access to a market to ply their trade and support their families as a first response initiative.

We can also have community-based training programmes particularly for our youth.

Nationally, one of the things we can achieve in our response to the global recession is the creation of better trained population. Old failed habits must come to an end and we have now to reposition Barbados to produce trained entrepreneurs who are attracted to business propositions that are net foreign exchange earners. Our way of thinking must move from one of “working for someone” to “employing someone”.

Underpinning this must be a renewed focus on community organization where sports and culture at the community level are encouraged with a view to transforming our youngsters and inculcating discipline and community spirit.

These are some of the key initiatives that we as MPs have to lead within our communities, and I take this opportunity to call on our ministerial colleagues to ensure that these initiatives get the kind of financial support that is needed.

Branches and other organisations within the community must now focus on developing buffers at the community level to help to shield the vulnerable from the impact of the global economic recession. Whether this be the establishment of support programmes for persons who have become unemployed or

systems to ensure that affected persons are readily identified for relevant intervention.

Increased productivity generally

Finally, taking Barbados to the next level, in my view requires new approaches to how we work, how we produce and how we think as a people.

World standard performance at work is now nonnegotiable if we are to get to the next level.

Encouraging involvement in non-traditional services beyond tourism and financial services must also be key to our movement forward. This vision has already been articulated by the Prime Minister within our 2008 Manifesto when he outlined five (5) areas in which we should be the very best. I would like to repeat them here:

- Information Technology Software Development
- Solar Technology goods and services
- Environmentally-friendly Building Materials (furniture, doors, fittings and frames)
- The Arts (cultural industries) – fashion design, music, dance, theatre
- Food & Beverages

My challenge to you is that this recession presents tremendous scope for all of us as Barbadians to display ingenuity in coming up with home-made solutions for example to lower our food bill, to plan for further diversification of our economic base and by training and retraining to earn vital foreign exchange.

It's time to come on board with your MP in coming up with viable solutions and renewed creativity as we continue along "our pathways to progress".

I thank you.

END