

BAHAMAS

Address

by

Rt. Hon Hubert A. Ingraham

Prime Minister of the Commonwealth of the Bahamas

at the

International Conference on Financing for Development

Monterrey, Mexico

8th -22nd March 2002

Mr. President,
Mr. Secretary General,
Heads of State and Government,
Distinguished Delegates,
Good Morning,

I wish, firstly, to thank the Government and people of Mexico for the courtesies and warm welcome extended to me and my delegation.

There is, surely, a global consensus that rapid and sustainable economic growth is critical to the elimination of social tensions, both within nations and across national boundaries.

Economic growth must transcend demographic features and provide hope and assurance to all that the future will be better than today: it must be sustainable and so must not degrade the environment; and its benefits must be equitably distributed.

The linkage between strong and growing economies and enhanced social and economic welfare is clear. Vibrant growth increases employment, enables the development of inclusive social policies, raises living standards and promotes the economic and social security of a people.

The failure to attain economic security is evidenced by the tragic persistence of political refugees and of undocumented economic migrants, and underscores the urgency of our business here.

Three issues arise for the focus of our consideration. Firstly, how can the international community, acting in concert with the major multilateral agencies truly assist in accelerating the economic growth of developing nations? Secondly, how can developing nations provide a framework to achieve greatest benefit from this assistance and attract additional capital, both domestic and international, to sustain economic development? Thirdly, can international rules and standards be developed so that they are not inherently discriminatory against smaller developing countries?

To partially answer these questions, I will relate the experience of The Bahamas - an experience which is not atypical of other small island developing economies.

At the commencement of the last decade, The Bahamas was faced with falling investment levels - particularly in the tourism sector, the engine of the Bahamian economy, and bedevilled by high and rising unemployment levels and declining standards of living.

We accepted that our capital infrastructure and policy framework needed renovation. Not without difficulty, and some anxiety, we reformed our policies, implemented appropriate strategies in a deliberate, coordinated and comprehensive manner and undertook major capital works.

The record shows that the economic policies introduced, which encouraged foreign investment and established strict and prudent fiscal management, provided a favourable climate for increased investment inflows to The Bahamas. As a result, our tourism and financial services sectors strengthened; a nascent manufacturing sector awoke and extended its reach into the local economy; and the industrial sector was reinvigorated. The direct, highly favourable impact on the lives of Bahamians whose incomes, and hence, standards of living improved significantly, was dramatic.

As our national economic indicators recovered and improved, we ensured that the benefits of a strong national economy accrued to the Bahamian people through improved public services, enhanced education and training and health facilities, and through expanded opportunities for economic empowerment.

The country's enhanced economic and financial position was assisted by concessional financing available through international financial institutions, and from grants and assistance from donor agencies of the developed world. The latter were for investment in social infrastructure projects and capital expenditure for reconstruction after the effects of natural disasters, particularly hurricanes.

I affirm therefore, that developing countries can implement good governance and sound macroeconomic management, and could benefit from financial support with reasonable conditionalities from the international community. I still consider however, that economic growth is elusive - elusive because the developed world has the capacity and sometimes the inclination, to arbitrarily change the rules of the game.

In recent times the developed world unilaterally changed the rules governing the delivery of international financial services, and demanded standards and established time-lines for compliance by off-shore financial jurisdictions - - standards not met, or required of themselves. Then, beginning in the fourth quarter of 2001, a recession, already in progress, aggravated by acts of terrorism, adversely affected tourism output resulting in unrecoverable loss of revenues to Government. Urgent requirements for reconstruction following a hurricane, completed the scenario.

To this mix must be added the strain of unplanned demands on social, educational, health and security resources of countries, such as The Bahamas, created by the continued infiltration of undocumented migrants from neighbouring Small Island Developing States (SIDS), many in transit to North America.

As countries like The Bahamas come to terms with the requirements of the new standards governing the conduct of international financial services as required by the developed countries of the world; continue to pursue policies which keep their tourism economies competitive and, hence, viable for investors who require reasonable returns for their investments; persist in modernising, upgrading and maintaining infrastructure; seek to encourage direct foreign investment in non-traditional sectors of the economy; continue to make the maximum possible investment in education, health and in communications; and seek to incorporate information technology into the fabric of the economy, we call on the developed world to help in the creation of an enabling international environment that will permit SIDS to achieve reasonable development.

We welcome the decisions of the United States and the European Union to increase their level of official development assistance to developing countries. We record our support for the Millennium Development Goals adopted at the Millennium Summit in September 2000.

Mr. President, we know that the Monterrey Consensus is a product of compromise, and therefore cannot be expected to be a panacea for the complex development needs of the developing world. It is The Bahamas' hope however, that the Consensus will be a symbol of our commitment to begin the essential dialogue, and to take the vigorous and determined action required to pursue and achieve a coherent, inclusive strategy for promoting economic and social, progress for all peoples.

Thank you.

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