Unleashing Caribbean Growth: Discipline Drives Turnaround
Figure 1. Global Growth is Not A Zero Sum Game
Figure 2. Growth slowed in the Caribbean, even as it accelerated in other EMDEs.
Figure 3. Inflation In Developing Countries Falls After 1994
Figure 4. The Cost of Capital in Emerging Economies Falls With Reforms.
Figure 5. The Stock Market's Response to Austerity Programs
Figure 6. Debtor country stock prices rise in anticipation of debt relief.
Figure 7. GDP growth in the Brady Plan countries increased following debt relief.
Figure 8. Stock prices of banks with LDC loan exposure also rose in anticipation of debt relief.
Figure 9. The stock market gains evaporate in countries that do not stick to reforms.
Discipline Requires Continuity: The Case of Jamaica


• August 2013-December 2015: Jamaica successfully completes 10 quarterly reviews with IMF

• March-October 2016: PNP to JLP Transition, Economic Growth Council (EGC) Established, 3 additional EFF reviews completed

• November 2016: Precautionary Stand By Agreement (PSBA): US$1.6 billion, three-year duration, semi-annual reviews
Discipline Reduces the Cost of Doing Business

• World Bank ranks ease of doing business in 190 places around the world.

• Biggest mover this year is India—jumped 30 places to 100, 42 places in past three years

• Average ranking of Caribbean countries is 118, generally headed in wrong direction

• Average “distance to the frontier” in Caribbean is 57.5, fallen by 3 points since 2010; only Jamaica and Suriname are closer to the frontier today than they were in 2010.
Discipline Insures the Hard-Won Gains in Macro and Micro Reforms

• Irma and Maria are painful reminders that the human and economic cost of hurricanes is large, sometimes catastrophic

• Countries with more private and public insurance penetration experience lower output and income losses from disasters
Unleashing Growth in the Caribbean Will Require Discipline

• Discipline is a sustained commitment to a pragmatic growth strategy, executed with a combination of temperance, vigilance, and flexibility that values the long-term prosperity of the entire population over the short term enrichment of any particular group of individuals.
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