



March Economic Letter

This document is a monthly letter to business people on the performance of the Barbadian Economy.

It is because Barbados is a relatively prosperous and competitive economy, by international comparison, that the focus of national economic policy must be squarely on increasing labour productivity. Barbados' prosperity has been achieved by selling tourist services, international business services, and other exports of goods and services in a competitive international market. With the foreign exchange we have earned, we have imported the products and services that support our modern lifestyles. Going forward, that is what we must continue to do.

Barbados has established a reputation for the quality of its tourism and other export products and services, and we have enhanced their quality and appeal, with the addition of yacht marinas, first class golf and polo facilities, the new Kensington Oval, the Olympic Swimming facility, Bushy Park, St Nicholas Abbey, the Atlantis submarine, Harrison Cave, Lime Grove, our acclaimed rums, Oistins, our various culinary offerings, our festivals, and in many other ways. What makes our business and financial services special is our legal and regulatory framework, and the growing levels of knowledge and expertise that we offer to the international investor.

If you are successful in any business you will attract competitors, and as we all know, Barbados has always had competition from within the Caribbean and beyond. It's a dynamic world, and to stay ahead of the competition, you need to keep getting better. Barbados has been getting better, in terms of the quality and variety of its products and services. The most comprehensive report on global competitiveness is the *Global Competitive Report*, published by the World Economic Forum. In its 2014-15 Report Barbados ranks Number 55 in the world, and highest in the English speaking Caribbean.

However, Barbados has not made commensurate progress in terms of labour productivity. We have seen increases in output for each unit of labour, in the past decade. But they have only been sufficient to enable us to maintain our standing in the late forties to early fifties in the competitive ranking. In today's world you cannot prosper by standing still. Faster growth in the productivity of our labour force is necessary, if we are to further improve our relative competitiveness.

Increasing labour productivity is also essential to improving the living standards of our workforce. Barbados is a highly developed economy, ranked Number 59 in the world in terms of human development by the United Nations Development Programme's *Human Development Report*. Our continuing prosperity depends on our ability to import the

things we need to enable our lifestyles. If workers are to improve their lot, each one of us must contribute more to the production of goods and services, so that our gain is not at the expense of others.

Increasing labour productivity is therefore at the heart of Barbados' development strategy. It will enable us to become even more successful in an increasingly competitive international market, and it will allow workers to share in the fruits of that increased competitiveness. This increase in labour productivity will be difficult to achieve, because it is about quality, engagement and commitment. Some time ago a NISE survey told us that only 30 percent of the Barbadian workforce feels fully committed to their jobs. This is a problem that each and every one of us must resolve to address, every day of our working lives.

The problem is especially acute in the public service. In the *Global Competitiveness Report* previously alluded to, the inefficiency of our Government bureaucracy is identified as the most damaging factor for doing business in Barbados. Each and every public servant should resolve to play their part in improving that statistic.

DeLisle Worrell
Governor

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