Selected Bibliography on Small States

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1 This bibliography draws from a range of sources, including the “Selected Bibliography on Small States’ Issues,” compiled for the Joint Task Force Report by the CARICOM Secretariat in October 1999.
Aid


Data


Economic Performance


This paper examines the economic success of seven East Asian countries (Hong Kong, Singapore, South Korea, Taiwan, China and Indonesia) and attempts to draw implications for the nations of the Caribbean. The author begins by presenting the facts from the seven East Asian countries that are relevant to the Caribbean context. He then examines the factors that are commonly believed to have led to the success of these East Asian countries. The author goes on to consider the Caribbean context, noting the similarities and the differences between the East Asian and the Caribbean countries. The author compares the Caribbean countries to the East Asian countries in terms of the factors that led to the success of the latter, and he infers the policy and institutional relevance for the development of the Caribbean region. Finally, he examines the external environment for the Caribbean group with special reference to NAFTA.


This paper develops a typology of Caribbean economies based on a qualitative and quantitative appraisal of the differences and similarities among the various economies of the region. The focus is both on structural features of the economies as well as on levels of performance and advancement. The paper's objective is to establish a basis for evaluating economic policy progress comparatively by identifying the limits inherent in these structural features and the critical variables or forces associated with economic advancement in the postwar period. The author concludes that an emphasis on export orientation is unavoidable in the region, but that this has to be combined with import substitution in basic goods production, strategies for diversification of asset ownership, and forms of management to ensure that benefits are spread to the majority classes.

Environment


IPCC (Intergovernmental Panel on Climate Change). 1992. Global Climate Change and the Rising Challenge of the Sea (Report of the Coastal Zone Management Sub-group), IPCC.


Finance & Exchange Rates


This book is a compilation of twelve papers that were presented at the Caribbean Regional Program of Monetary Studies conference held in St. Kitts in 1986. The collection begins with studies that focus on the uses of monetary policy, ways of adjusting the balance of external payments, and the design of fiscal policy. These papers are supplemented by a study that proposes a new approach to the implementation of interest rate policy. The remaining articles discuss the policies undertaken in each currency area within the English-speaking Caribbean; this includes country studies on the Bahamas, Barbados, Belize, Guyana, Jamaica, the OECS region and Trinidad and Tobago. The concluding paper presents an agenda for ongoing research.
Globalization & External Shocks


This book compiles ten papers that examine the various ways in which small third-world nations are becoming more closely linked to the global economy. The essays focus on: externally traded services and the development of small economies; services and growth in small developing countries; export earnings, instability and economic growth in Jamaica, 1957 to 1986; the ability of Caribbean firms to compete globally; an appraisal of the structure and future prospects of the Haitian economy; small island economies, tourism, and political crises; cruise ships in the third world -- developmental versus corporate financial objectives; the U.S. dollar and small Caribbean economies; and Caribbean migration in a global economy.

This book examines the recent development experience of Commonwealth Caribbean countries and the relevance of international economic policies and institutions to their development efforts. The author maintains that the small size of Caribbean nations places certain limitations on the type of development they can pursue, while their middle income status makes them ineligible for the concessional aid they need. The book includes a review of recent trends in the world economy, recent structural changes in the Caribbean, and specific problems facing various sectors of the Caribbean economy. The author discusses offshore finance, the changing pattern of trade, trade policies, and the Caribbean integration experience. In addition, he examines the balance-of-payments performance of Caribbean states and the problem of foreign debt. He also addresses the reform of the international monetary system and critiques the general framework of development used in the Caribbean. Finally, the author discusses issues of development strategy in small states.


Despite the region’s dependence on exports, Caribbean countries have not moved toward trade liberalization and are resisting the trend toward a globalized economy. This article contends that the Caribbean nations have become complacent because of preferential relations with the developed world. Attempts to integrate the region via the Caribbean Community (CARICOM) have been largely ineffective. Trade liberalization without government policies to assist the transition would be insufficient. The author maintains that a restructured CARICOM and the elimination of special prerogatives are necessary for the future survival of the Caribbean economies.

Owing to the increasing role of economies of scale, the benefits of international trade are especially important for small countries. The analysis of the four decades following World War II shows that the economies of outward-oriented countries have performed uniformly better than those of inward-oriented nations. The author recommends that inward-oriented countries pursue several policy reforms: the adoption and maintenance of realistic exchange rates; import liberalization; export promotion; positive interest rates; and improvements in financial intermediation.

The authors argue against the hypothesis that small countries are handicapped in development due to diseconomies of scale. They maintain that if small economies become specialized with a relatively high participation in international trade, migration and capital flows, there is no minimum scale for a country. The authors contend that decades of development experience have shown that a nation’s economic performance depends primarily on its commitment to growth and on the appropriateness of the policy framework used to implement its growth strategy. The determination of national economic strategies and the policies to implement them depends on social and political consensus, and a small population is more likely to reach this consensus than is a large population. In addition, small economies are likely to be more open, more competitive, and more flexible in their responses to a changing external environment. They are also likely to have greater socio-cultural homogeneity and a more equitable distribution of income which reduces the potential for social conflicts.

The author questions the relevance of the accepted economic development doctrine to small countries, especially those of the Caribbean. He argues that the economic structure of small states is different from that of larger nations and that new analytical tools and concepts are necessary to consider their economic problems. The author discusses some of the difficulties
faced by small countries in achieving growth and in breaking out of the cycle of underdevelopment, and he outlines alternative strategies of development open to these nations. He then relates these general considerations to the specific situation in the Caribbean and identifies special problems and opportunities facing economic policy makers in the Caribbean. The analysis is supported with a priori reasoning rather than with an empirical examination of data.


This paper attempts to provide limited empirical evidence on the nature of the relationship between country size and rates of economic growth and levels of economic development. It also explores the effects of trade concentration and dependence on trade on this relationship. The author suggests that there is no discernible association between country size and economic development, nor between country size and economic growth, and that neither the dependence on trade of small countries nor their commodity and geographic export concentration are necessarily important factors in economic growth and economic development.

The author argues that the challenge of economic growth is much more difficult for small nations than it is for large nations. The small nation is limited in terms of area, population and variety of natural resources, and is confronted with greater problems of security. To overcome the disadvantage of small size, the author suggests that the small country must compensate with the quality of its people and of its social institutions; it must be able to adjust its institutions to ever-changing technology rapidly and thoroughly. The author contends that small countries benefit from social consensus and can reach decisions more quickly than can large countries. This capacity for continuous and relatively painless adjustment can be used to take better advantage of the potentials for economic growth.


The author contends that the smaller Caribbean countries are beset by certain constraints which appear to relate directly to their very small size. He outlines various problems including weak financial institutions, a narrow tax base, a large public sector, dependence on foreign aid and insufficient manpower capabilities. The author also discusses the role of regional cooperation in delivering external financial and technical support to the small Caribbean countries. He goes further to argue that the future of Caribbean economic integration will be determined by the extent to which the countries are able to successfully integrate production activity for the regional and extra-regional market.


This book analyzes the main issues in development economics as they affect the small island economies of the Caribbean and the South Pacific. Subjects include: the impact of the primary export sector; manufacturing for export as a development option; the developmental potential of the service sector; the role of the public sector with special reference to public service employment; the potential difficulties related to tourism; the role of urbanization in the development process; the developmental implications of migration from and between small island nations; education and the “brain drain”; issues relating to crime; the role of agriculture and natural resources in the development of small island nations; and environmental and conservation issues. The aim of the book is to present a realistic appraisal that may be useful for public policy and developmental planning.


This paper summarizes the findings of an empirical study of the influence of country size and remoteness on the sources of growth and the nature of the growth process in industrializing countries. Various hypotheses were investigated in the study in the context of a model of disequilibrium growth which allows for technological spillover between sectors and between countries. The model was estimated for a large sample of developing economies for 1973-85. Evidence of significant structural breaks permitted inferences to be drawn about how the nature and extent of technological spillovers are influenced by country size. The authors conclude that while there is no obvious link between medium-term growth performance and
country size, there is some evidence that certain sources of growth over the medium term are affected by country type.


Industrialization & Technology


Freeman, Christopher and Bengt Ake Lundvall, eds. Small Countries Facing the Technological Revolution. London and New York: Pinter, Distributed by Columbia University Press, New York.


This study explores the extent to which industrial development in small countries is handicapped by an inability to fully exploit internal and external economies of scale. The author examines evidence of the relationship between population size and per capita exports and imports in 31 countries. He also looks at the relationship between per capita exports and imports and per capita income. The paper concludes that countries with small populations experience a comparative disadvantage in many important manufacturing industries that is uncompensated by a comparative advantage in others. (See Bela Balassa’s comment on this paper in Balassa, Bela. 1969. “Country Size and Trade Patterns: Comment.” American Economic Review. March: 201-204.)


This paper examines three essential elements of industrialization: markets, resources and economic policy. The author maintains that because the domestic market is too small to support an increased production of manufactures, the West Indies must export and thereby achieve necessary economies of scale. He discusses the principles of comparative advantage, arguing that a country that is poor in natural resources can only get the food and raw materials it needs by exporting its labor in the form of manufactures. He emphasizes that the low wage level is one of the chief competitive features of the West Indies. The author goes on to rank the suitability of various industries for the islands, based on a number of indices. He then discusses the advantages of forming a customs union as well as the need to attract to the islands foreign manufacturers who are already selling in Latin America, the U.S. and the U.K. The author stresses the need for foreign capital inflow and advocates giving industries
incentives to relocate to the islands. He argues that industrialization of a new country cannot be left to market forces alone but rather demands strategic government action.


This paper considers some of the recent work on science, technology and economic growth and its relevance to small advanced (OECD) economies. The author examines the small size of domestic markets, the dependence on exports and imports, the level of financial risk in relation to the size of firms, the role of regional markets, and the effect of all these factors on innovation. She analyzes the shortage of resources for R&D and the organization of science and technology with reference to the building of an indigenous capacity for innovation. The author also discusses the effect of increasing internationalization and of structural change on small countries’ innovative and economic performance. Finally, the author considers the prospects for and some experiences of various strategies for small countries, including investment by foreign multinational enterprises, encouragement of domestically owned MNEs, finding niches in the market, specialization, and cooperation with other countries.
Institutions & Capacity


Politics & Administration


This paper focuses on certain aspects of the international behavior of very small states. The approach of the paper is pre-empirical in that it does not advocate a specific scheme for collecting and manipulating data on the external behavior of very small states. Rather, the author addresses the problem of definition and identification of microstates and discusses a number of factors which account for their general foreign policy orientations. The author generates a number of hypotheses about the impact of very small size on foreign policy behavior.


Regional Cooperation & Integration

Caribbean Center for Monetary Studies, CARICOM Secretariat, and International Monetary Fund. 1998. “Adjustment and Integration in Small Emerging Economies (A Caribbean Community Agenda)”.


This paper examines the meaning of global competitiveness in the context of the Caribbean and analyzes the ability of regional integration schemes to further this goal. The author argues that CARICOM has not contributed to increased productivity and competitiveness and is unlikely to do so in the future. He maintains that broader regional arrangements in the Americas offer better opportunities. Nevertheless, it is unilateral reforms that appear most promising for countries in the region. The author recommends that Caribbean nations pursue short-run strategies to increase competitiveness through effective exchange rate management, fiscal discipline, more flexible factor markets and diversification beyond the goods markets. Long-term strategies include the development of human capital, technology acquisition, and the promotion of foreign investment.


The author discusses the Latin American Economic System’s (SELA) role in promoting increased integration between the Caribbean Community (CARICOM) and Latin America. He notes that SELA has proposed initiatives concerning the NAFTA, the effects of the European single market on the Caribbean countries, and the implications of the GATT. SELA is also working to improve relations between Latin American sub-regions and the Caribbean. SELA has sponsored studies linking NAFTA and CARICOM, and it is examining the exports of Caribbean and Latin American bananas to Europe.

Risk & Insurance


Size


This book compiles a number of papers that address the particular needs and problems of the small state. Essays cover: the definition of a microstate and its relation to the international community; a review of the economic literature on microstates; an examination of anthropological and sociological theories on smallness; an exploration of alternative development paths for small island states; a report on the environmental and economic viability of small islands; a summary of the conclusions of UNCTAD’s studies on the major handicaps of island developing countries; an examination of the role of foreign trade in small island economies; and a discussion of the problems that small countries face when developing administrative structures and processes.


The author begins by evaluating various measures of country size and settles on population as the most serviceable measure. He then goes on to find that for the set of countries he has
designated as small, there is considerable diversity in terms of the quantity and nature of their resource endowments. He contends that it may not be possible to evolve a general theory of small countries for the purposes of analyzing growth options of specific economies. The one aspect of smallness which may best characterize these countries is the concentration of national output in a few industries and a few commodities. While this is economically significant, it is also important to consider other characteristics of these countries such as their remoteness and their limited human resources.


This paper examines whether, and in what manner, smaller developing countries differ from their larger counterparts in areas other than size and in addition to the commonly noted characteristics such as concentration of exports in GDP. The paper attempts to answer the question: has smallness tended to produce a different growth mechanism from that experienced by larger economies? One of the study’s main findings is that the public sector accounts for a considerably larger share of GDP in small countries; the share of public sector consumption in GDP was the most statistically significant economic variable found in differentiating large from small countries. However, increasing the share of the public sector in the economy has tended to reduce overall rates of growth in small countries and has left in its wake relatively large external public sector debts.


This paper examines whether small developing countries have a unique set of characteristics other than size that tends to set them apart from developing countries as a whole. The authors conclude that smallness appears to be a constraint on growth in two regards: momentum and the effectiveness of government expenditures. Small countries can be defined as those states that are incapable of sustaining growth from one time period to another and/or those countries that are not capable of stimulating their economies through cutting defense expenditures.


Pantin, Dennis. 1994. The Economics of Sustainable Development in Small Caribbean Islands. Trinidad and Tobago: University of the West Indies, Center for Environment and Development.


This book is a compilation of papers presented at a conference held by the International Economic Association in Lisbon, Portugal in 1957. The conference was mainly concerned
with the problems of small European economies which were already at an advanced stage of
development (as the number of independent developing countries at that time was relatively
small.) Subjects include the following: a definition of the problems faced by small countries;
case studies of efficient large and small nations; a discussion of economies of scale; an
examination of the size of the economy and its relation to stability and steady economic
growth; the relationship between a country’s size and the cost of administration; and a
discussion of foreign trade as an escape from the constraints of smallness. This book is often
cited as one of the classic works written on the special problems affecting small countries.


R.T., *The Island States of the Pacific and Indian Oceans: anatomy of
development.* Monograph No. 23. Canberra: Australian National University,
Development Studies Center.


Landlocked or Ministate Economy.” *World Bank Research Observer,* 1(2),
205-218.

The paper begins with a discussion of the definition of a small economy and then attempts to
answer the question of whether or not small countries have special problems not faced by
larger developing nations. In answering this question, the author evaluates the following
arguments that are most commonly put forth regarding the problem of smallness:
diseconomies of scale; vulnerability to natural disasters and external economic shocks;
geographical remoteness; limited access to private foreign capital; lack of macroeconomic
policy independence; and overstatement of income due to higher transportation costs. The
author concludes that many of the problems allegedly face by small economies are either not
unique to them or can be addressed through suitable policy measures. Therefore, he suggests
that several indexes of development and welfare be used in determining whether a country
should receive aid and trade concessions.


Trade & Transition


The authors examine the wide-ranging and fundamental trade reforms undertaken by 16 Latin American and Caribbean countries during the 1980s. These reforms were undertaken during periods of severe economic crisis and uncertainty, and they dramatically altered the nature of the trade regimes in these countries. All the trade reforms were preceded or accompanied by restrictive fiscal and monetary policies and by devaluations of the real exchange rate. In most countries the reforms began under the auspices of democratically elected governments, despite resistance. The authors conclude that the success of a trade reform depends on bold and consistent implementation, complementary macroeconomic and exchange rate policies, and political will and resilience.


The author refutes Keesing’s assertion that small countries suffer a disadvantage with regard to trade and industrial development. Keesing’s findings are criticized on the basis that his statistical tests cannot be used to establish his proposition. The author also argues that Keesing’s formulation is not appropriate for the problem at hand and proceeds to formulate and test alternative hypotheses concerning the relationship between country size and trade patterns. The author finds that small countries tend to have a comparative advantage in semi-manufactures and a disadvantage in finished manufactures. These findings support the thesis that small countries are likely to gain the most from trade liberalization and regional integration because their opportunities will tend to be equalized with those of larger nations.


The economies of the Commonwealth Caribbean performed unimpressively during the 1970s for a variety of reasons including sharp increases in primary energy prices and a recession in the OECD countries. In addition, economic growth in the region has been constricted by import restraint policies; these policies have also adversely affected the growth of intra-regional trade. Because balance of payments adjustment via import restraint has been
counterproductive, export expansion has been advocated as an appropriate alternative strategy. This paper assesses the prospects for growth of Commonwealth Caribbean exports of goods and services. It does so in the context of the current structure of the region’s exports and against a background of the importance of export performance to the balance of payments, output and prices.


The author suggests that the effects of free trade on the Caribbean Community (CARICOM) may be unequal and that countries must devise adequate plans to deal with greater economic disequilibrium. The author also maintains that the NAFTA will pose a new threat to the niche markets that have developed as a result of the Caribbean Basin Initiative (CBI). The CBI provides for duty-free exports to the U.S. and as a result acts as more of a deterrent than an impetus to economic restructuring. The author urges countries to overcome the economic complacency engendered by the CBI by promoting not only trade integration but productive integration as well. Includes a graph illustrating CARICOM’s 1990 imports and exports.


This work considers the effects of different macroeconomic conditions on the liberalization of the economies in Argentina, Chile, and Uruguay. The authors conclude that the elimination of the public sector deficit is essential to the success and sustainability of trade liberalization.


This paper begins with an overview of the trade issues that have been of concern to Caribbean countries. This is followed by a review of the factors that influence trade patterns and of the relationship between trade and growth. The third section examines economic cooperation among Caribbean countries and discusses the intentions and contributions of the regional integration movement. The next section reviews exchange rate adjustment issues and the management of foreign reserves. The final section is a survey of empirical results from studies of Caribbean trade and payments.


The paper examines the effect of marketing cost differentials on the ability of small countries to compete with large-country producers in goods manufactured under economies of scale. It is shown that the presence of scale economies does not necessarily retard the performance of small-country producers unless export marketing costs exceed domestic marketing costs. When economies of scale are present simultaneously with differences between export and domestic marketing costs, small countries with more efficient producers may be unable to export to large countries served by less efficient local producers. Furthermore, the latter may end up exporting to the former. The policy implication is that subsidization of exports in conjunction with restrictions on domestic prices enhances national welfare.


This essay presents an overview of the main characteristics of existing protection policies in the hemisphere and of the impediments to achieving the necessary degree of convergence for an integrated market. The authors examine tariff and non-tariff barriers as well as trade policies that grant preferential access to imports of goods originating in countries that have entered into integration agreements. Attention is also given to the rules and regulations governing the eligibility of goods for preferential trade concessions in the context of sub-regional agreements.


This paper provides some evidence on the nature of the relationship between country size and commodity and geographic concentration in trade. It also examines the effects of economic development and dependence on trade on this relationship. The study suggests that the inverse relationship between country size and trade concentration is not as strong as a priori reasoning suggests. The author also finds that there is no association between export concentration and economic development, nor between export concentration and dependence on trade. In addition, he finds that small countries’ dependence on trade does not lead to extra export concentration, nor does their export concentration constitute an impediment to economic development.


NAFTA seems like a very troubling agreement for Central America, especially in apparel and textiles. Losses from NAFTA depend on the economic size of Mexico. The authors maintain that Central America can gain from NAFTA provided that Mexico is “big enough” to satisfy completely U.S. import demands and that Central America can redirect its products from the U.S. to Mexican markets.

In this essay the author contends that the NAFTA will adversely affect the Caribbean Basin by displacing trade and decreasing the relative benefits of tariff preference schemes. He outlines NAFTA and the “Enterprise of the Americas Initiative” and concludes that Caribbean nations must become involved in free trade negotiations to safeguard the benefits of the Caribbean Basin Initiative. In addition, Caribbean countries should, as a group, target other markets, such as Latin America. He points to non-reciprocal trade agreements with Mexico and Venezuela as examples. Includes a chronology, along with a list of the pros and cons of NAFTA, a table and a bibliography.


This book attempts to develop a theory of small nation trading by presenting and debating several different models. Where possible, empirical studies and statistics are used to confirm or refute hypotheses. The book includes a discussion of international specialization; foreign trade multipliers and the balance of payments in small nations; devaluation in small countries; the Graham model of international trade; economies of scale and country size; and the gains and losses associated with the formation of customs unions and free trade areas for small nations. The primary objective of the book is to determine whether small nations form a distinctive group that exhibits certain features in common and, if so, to examine how these features may affect the nations’ behavior in certain circumstances. The author concludes that small countries are a heterogeneous group which do not have uniform trade characteristics and cannot be expected to behave in the same way under similar circumstances.


This paper examines the relevance and desirability of multilateral free trade agreements for the Latin American and Caribbean continent. The author discusses the relationship of Latin American and Caribbean countries with NAFTA and with the U.S. The paper is concerned primarily with the economic rationale and economic impact of FTAs and ignores the political considerations that often weigh heavily in the minds of policy makers. The analysis is confined to the effects on and of trade flows, and the observations are confined to free trade areas rather than customs unions. Although the paper relies heavily on quantitative indicators, the author aims to reach a qualitative assessment with a view to making an ex ante judgment on whether a preferential agreement among Latin American countries is likely to be more or less meaningful than other kinds of agreements.


Michaely, M., D. Papageorgiou, and A. Choksi. 1991. Liberalizing Foreign Trade, Lessons of Experience in the Developing World. Cambridge, MA: Basil Blackwell. Chile and Uruguay (Vol. 1); Singapore (Vol. 2); Israel (Vol. 3); Sri Lanka (Vol. 5); New Zealand (Vol. 6).
This study reviews the liberalization experiences in 19 countries, a number of which are small economies. Volume 7 presents the synthesis of these country analyses and discusses the general principles that emerged from the successful reforms. Among the many conclusions drawn from the evidence are the following: boldness of reform and momentum lead to more durable liberalization programs; programs that reduced quantitative restrictions generally succeeded while those that did not tended to fail; most of the successful programs began with a depreciation of the real exchange rate; successful reformers pursued prudent macroeconomic policies; reforms tended to fail when capital market liberalization preceded trade liberalization; and political stability was crucial to sustainable reform. The study also includes some specific findings on small economies. The authors find that geographical size had a significant influence on the long-term outcome of trade liberalization. Almost all of the countries that persevered in their attempts to liberalize are either small or medium sized; almost all the large countries are not among the liberalizers. In terms of economic structure, a country’s share of manufacturing, either in production or in exports, seems not to have any effect on its success as a liberalizer.


This paper examines the main distinctions between trade liberalization under the GATT and under regional trading agreements. Under the GATT, trade liberalization is based on the most favored nation principle (MFN); under regional trade agreements, it is based on preferential trade. Regional trade agreements carry with them the danger of trade diversion. The author proposes several policy measures for Latin American countries to follow in order to reduce trade diversion in their regional agreements. These include: continued liberalization according to the MFN principle; establishment of common markets rather than FTAs; coordination of regulatory and competition policies; facilitation of new partner memberships; improvement of communications and transportation systems; and low initial protection measures.


This paper examines the experiences of Argentina, Chile, Colombia, Jamaica, Uruguay, and Trinidad and Tobago with a view towards identifying post trade liberalization policy and institutional challenges. The author contends that to maintain liberal trade and advance the agenda for more open trade, economic policy must prevent external shocks from becoming crises, and protection must remain uniform among sectors. Trade policymaking institutions must be able to deal with changes in the political equilibrium that may result from external shocks or from the lobbying power of groups seeking exceptions from uniform protection.


This essay surveys Caribbean countries’ trade relations with Europe, Canada, the U.S., and Latin America. The Caribbean has traditionally been dependent on preferential trade agreements, including the Lomé Convention with the European Community and the Caribbean Basin Initiative with the U.S. The North American Free Trade Agreement threatens to undermine the region’s privileged relationship with the U.S. The author suggests that the Caribbean countries join the GATT and expand ties with Latin America in order to improve the region’s trade prospects. Tables are included.


This paper analyzes current trade policy with a view to determining what future policy should be in the face of a possible “banana shock.” The author contends that trade policy as it impacts the OECS countries is important but precarious and potentially inhibiting. It is precarious because so much is dependent upon trade preferences, which, unilaterally offered, can be unilaterally withdrawn. It is potentially inhibiting because the CARICOM policy of encouraging intra-Caribbean trade by a high common external tariff is a doubtful strategy for the OECS countries, given their dependence on extra-regional markets and the price and cost implications of high tariffs on export goods, including tourism. The author concludes that high tariffs, quantitative restrictions, stamp duties and other interferences with trade are especially inappropriate in the current situation. Not only do they work against the growth and development of the export sector by favoring the import-substitution and non-traded goods sectors, but also they will prevent any needed adjustment in the event of a banana shock.


This book brings together a variety of evidence on developing countries’ experience with trade policy reform. The analysis relies on country studies, cross-sectional data, and interviews with practitioners. The study focuses on trade policy reform during structural adjustment with an emphasis on the experience of the 1980s. The authors discuss the extent and types of policy changes aimed for in adjustment programs, the flexibility of program design in adapting to conditions found in individual economies, and the success of their implementation. The study addresses the effectiveness of trade liberalization in increasing economic efficiency and growth as well as the political dynamics of domestic interest groups affected by the reforms. The authors offer recommendations on the timing and pace of trade reform programs and discuss the inconsistencies and complementarities between trade policy reform and budget stabilization. The study includes a review of the export performance for manufactured exports in developing countries and a discussion of exchange rate reform and tariffication policies. Consideration is also given to improving a developing country’s trade position through multilateral trade negotiations.


This essay uses a gravity equation to analyze the pattern of the trade flows in the Caribbean Basin. Economic integration in the Caribbean Basin has been viewed as a way to enlarge domestic markets and to diversify the productive base of the countries, thereby lowering their vulnerability to the fluctuations of primary product prices. This study does not attempt to develop a model from which the gravity equation is derived. Rather, the analysis identifies those types of economic integration that are most likely to generate trade. The authors conclude that those integration arrangements that lowered trade barriers appear to have had a substantial impact on intra-Basin exports while LAFTA has failed to promote trade significantly within the region.


The purpose of this study is to develop a proposal for a consistent longer-term action program for implementing an export-oriented growth strategy in the Caribbean region. Emphasis is placed on devising a framework for a common approach which is adaptable to each member’s particular conditions. The proposal is based on a detailed assessment of the structure and performance of key sectors. The analysis focuses in particular on trade-related issues and policies. Attention is also paid to the experience with regional economic cooperation and to planned regional reforms in order to determine whether the current regional agreements are consistent with a longer-term strategy of export oriented growth and what type of regional support can best further the implementation of this strategy.
Transport

Vulnerability


Crowards, T. 2000. An Index of Economic Vulnerability for Developing Countries, Draft, Caribbean Development Bank, Barbados


