

Foreword

The commitment of Barbados to liberalise capital account transactions with respect to the Caribbean Community (CARICOM), in compliance with its agreement to the Single Market and Economy under the Revised Treaty of Chaguaramas, has emphasised the need to pay closer attention to the impact of financial liberalisation. In addition, the desire to further liberalise both the interest rate regime and the financial sector generally, has underscored the need to quantify the effect that financial liberalisation can have on the macroeconomy. This book is, therefore, particularly timely.

The selection of papers provides a comparative analysis of liberalisation outcomes in the Caribbean region and plays an important role in helping to inform macroeconomic policy. Hence, the Central Bank of Barbados is particularly pleased to publish this compendium in celebration of its 35th Anniversary.

The papers are very interesting, well documented and provide valuable results. The differing outcomes with similar initial macroeconomic conditions are particularly instructive and partly reflect the varying historical, social and political backgrounds. In addition, non-quantifiable factors help to explain why outcomes sometimes differ from expectations. The combination of empirical analysis and a prospective approach is especially effective and though the future is not always a reflection of the past, particularly in a rapidly liberalising and globalising world, there is much to be learned from the experiences of others. These papers analyse the factors contributing to Caribbean countries financial stability today, while providing important insights as the region charts new paths that are relevant to tomorrow's world.

Though several persons have contributed to this book, it would not have been possible without the effort and determined coordination of one of the editors and main contributor, Kevin Greenidge. A debt of gratitude is owed to him.

Marion Williams
Governor