

Strategies and Projects for Dominica's Economic Development

by

[Dr. J. Davison Shillingford](#)

April 2004/Updated Oct. 2005 - The issue of economic development, together with the problems of poverty and the erosion of public confidence, are constantly recurring themes for Dominicans at home and abroad. With the recent installation of a new Prime Minister, these issues will again take center stage as the new Government formulates plans for the island's growth and development. In response to a request for ideas on the economic development of Dominica, here then are some thoughts on these issues. I am confident that if the strategies and programs discussed here are implemented, that within 5 years, Dominica will experience the rapid growth and development that has eluded it over the past several decades.

First, let us get the issues of public confidence and poverty out of the way. A stagnant, population-losing economy is enough to galvanize the people's awareness of the dire straits we are in and brush off any excuses for this poor state of affairs. The problems are obvious and urgent. The evaporation of public confidence is the result. The situation argues, no, it pleads for something concrete that will put Dominica on a dynamic development course. Only then will there be public confidence in government and in the ability of Dominicans to meet the challenges of independence. Such public confidence can be accelerated by dividing any development program into three time phases - short-term with results showing within a year, intermediate and long-term. If results arrive as promised, people will have confidence in the government and in the ability of Dominicans to solve their problems. If the results keep eluding us, the confidence thing will continue manifesting itself in mass migration. And the smaller the population, the more difficult it will be to mobilize the local market and the human resources to launch development, a downward spiral.

The problem of poverty in the intermediate and long term is contingent on the availability of education, training, economic development and jobs. Solve the education, training and job problems and the bulk of the poverty problem disappears. There'll still be a transitional short-term poverty problem and some small amount of systemic poverty (the poor shall always be with us). These will require social programs for which no prescriptions are given here. Suffice it to say that a dynamic economy will generate enough income to provide for its poor at one level or another.

Now let us move to the real problem, the economic development issue. First, we set out a set of basic principles for development, then we give twelve strategies specific to Dominica that must be established to provide the necessary framework for successful economic development. Then we give a set of brief notes on possible programs and projects. Implementation of these twelve strategies and the listed programs/projects will bring rapid growth and development to Dominica within 5 years of concerted implementation. The structuring and prioritization of the projects are

maters for the program planners, and are dependent on specific resource availability. The program will be primarily private enterprise spearheaded with government as the facilitator.

Basic Principles for Dominica Development

1. We do not need detailed central planning to launch Dominica on a course of dynamic development – it is expensive, time consuming, restrictive (not all linkages are recognized and understood, many are ignored at a cost, many are emphasized with little payback; no detailed planning was needed for the industrial revolution or the development of America, central planning is hobbling Russia and Cuba even up to today, unlike the IT sectors in India and China). Yes, we need some minimal plan, but let's not waste too much time here.
2. Rather, we need to recognize and focus on the critical role of institutions in economic development – free markets, trade regimes, banking, law & order, education, heroes and history - without supportive institutions there can be no development; with appropriate institutions development is dynamic
3. We need to recognize that our current institutions are largely incompatible with or irrelevant to our development needs; they were forged for a long gone colonial economic and cultural environment – UK markets, UK banks, UK education, UK resource allocation (raw product, no manufacturing, no tourism, no entrepreneurship, no regional linkages, no focus on unique resources)
4. To achieve dynamic growth, we must first change our institutions to be consistent with, and supportive of, domestic economic growth, and, importantly, develop a growth culture (attitudes eg. self reliance, primacy of learning and wisdom, the role of conscience, saving and investment, a positive, can-do outlook on life, involvement with community, an expanded set of heroes to include entrepreneurs)
5. To change our institutions, we need “leaders” who have vision and determination, and who understand what has to be done and how to go about the delicate task of doing it – whether these leaders are local, Diasporan, or foreign
6. Resources, natural or financial, are not the issue; it is a people problem; people to conceptualize, formulate and implement solutions to our development problem; like Singapore, people who will modernize our institutions, expand our human capacity, open our economy, and focus on exploiting our areas of comparative advantage - physical and locational.

Twelve fundamental strategies for Dominican growth and development

1. Focus on exploiting natural resources and locational advantage

These would include the following:

- boiling lake, sulfur springs - for tourism and cheap thermal energy
- wet, cool inland climate, lush tropical forests - for eco-tourism
- numerous fresh water streams - for tourism and cheap hydro power
- deep coastal seas - for world-class whale-watching and scuba diving
- ample fish resources in coastal waters - for a commercial fishing industry
- two large protected harbors at Portsmouth - for mariners for sail boats & yachts
- some available agricultural land - for high value crops

- the few beaches - for minimalist beach-type development
- an under-utilized labor force - for electronics manufacture and IT services
- proximity to world's largest high-income market.

This focus will provide the comparative and competitive advantage for a stable and dynamic economy, more jobs and more secure jobs, increased incomes, and our children won't be leaving the island in droves as they now do.

2. **Maintain an effective law and order apparatus**

Despite the above resources, law and order is the first priority for economic development (under conditions where capital and trained manpower can easily go to alternative locations). Trials must be swift (justice delayed is justice denied), and punishment certain but just; prisoners should earn their keep as far as possible; the opportunity must not be missed to re-educate and train prisoners for gainful employment and to be socially functional when they leave jail; juvenile crime will need to be given special attention.

3. **Liberalize the trading and investment climate**

Open up the Dominican economy - you are free to bring in your capital, and free to take out your profits (minus reasonable taxes); minimum or no taxes on exports, same conditions or perhaps some tax advantage for local investors (whose capital is not foot-loose); a trading and investment regime (taxation, banking, trade arrangements, etc) that recognizes the demise of the Dca/UK nexus and the emergence of an economic environment with global opportunities; an investment climate with laws that protect investment and do not change with change in government, and where kickbacks and underhand inducements are illegal and rigorously prohibited. Testimony to the efficacy of this liberalization strategy is the astounding growth of the Chinese economy after years of stagnation due to strategies based on closed markets. We do not have the needed investment capital so we will never get development if we do not liberally open up the Dominican economy to foreign investment; with appropriate checks and balances, yes, but open it up we must.

4. **Modernize the banking sector to focus on domestic finance and investment**

A major part of the Dominican development and poverty problem is the fossilized financial sector - originally focused primarily on trade and associated commerce, with UK primarily, then forced to service housing by the emergence of the Credit Union. It is still in that phase even today, when its mandate has changed radically - from sending funds out of the island with little concern for the domestic economy which generates its income to a much different developmental mandate which is focused on domestic investment and finance. This is a 180 degree turnaround - from moving money out of the economy to moving money into the economy - and it carries with it radical change in banking policy. Consequently, we need a banking strategy that is nationally oriented, financing local investment opportunities in the tourist, IT, mfg, agric, etc. sectors (not just in housing), with banks mobilizing both domestic and foreign funds, and like progressive financial institutions, also brokering deals and get paid for that service. And here, government policy must aggressively encourage them to do this, because they won't do it of their own volition. That is their nature - stable, dependable, and by extension, static,

very static. And a static institution is useless in an economic development context. Further, a static institution as critical as banking is a major impediment to economic development and poverty alleviation. The banks must change to complement the changing economic conditions, challenges and realities. And government policy must strongly encourage them to do so.

5. **Exploit the major international and regional markets and their needs**

These markets are no more primarily in the UK, they are in the US, Europe in general, Japan/Asia and the Caribbean; and Dominica will have to be prepared to seek out these global and regional opportunities - with quality product, commercial intelligence, knowledgeable executives, a commercially oriented diplomatic corps, and a stable and forward looking government.

6. **Target the new growth sectors in the international/metropolitan markets**

Target specifically those sectors that are complementary with Dominican resources. These are primarily tourism, electronics manufacture, information processing, fisheries, exotic flowers, fruits and vegetables. With regards to the sectors in Dominica that will lead the economic transformation, it is worth emphasizing that it is no more the agricultural sector, because Dominica can't compete with the more efficient, high volume, low cost, Latin American and other world mass market produces (remember sugar, coffee, cocoa, limes). Some high value flowers, fruits and vegetables, yes, but the dominant banana industry of old is long past. And the training of our human resources will have to reflect this fundamental shift out of a dominant agriculture and complement that shift. Agriculture will still be very important, making an important and not insignificant contribution to economic development, but it will not be dominant.

7. **Create a well educated, well trained, highly motivated workforce**

You cannot have development without cadre of well trained, highly motivated workers. This is a major consideration for any transformation from a stagnant, population-losing economy, to a vibrant, expanding, dynamic economy that can provide for a growing population. This is necessary to more effectively complement the new directions and new sectors Dominica will be entering - with a dynamic tourism industry there can be no spitting in tourist's face, no honky go home, etc; with expanding electronics, data processing, and other sectors, trained managers and educated, dependable workers are essential, not only to carry out functions but to keep these industries competitive with constant improvement.

High school education to O-levels should be the minimum target for all. High school grads with A levels should all be able to get into UWI's 3-yr programs; Island Scholars should have the option of going to UWI or to any of a select set of world class universities, including Oxford, Cambridge, Harvard, Yale, Princeton, Cornell and MIT. The best and brightest should get training at the best universities in the world, with the best and the brightest students and teachers. They will get exposed to best ideas and practices and bring these back home; they will get a broad world vision appropriate to a small, island economy, which, of necessity, has to look outward for markets and technology.

Dominica should have arrangements with universities, especially in the English speaking world, to get scholarships for its island scholars and other post-secondary students. The local Associate level College should be seamlessly integrated into the UWI and US systems; Associates should be able to get into the 2nd yr of UWI's 3-yr programs or the 3rd yr of the US' 4-yr programs (ie they will have only 2 more years to finish a degree in either system); training programs should give some priority to local development needs (tourism, electronics, IT and programming, etc.) but should not be exclusively focused on these for reasons of comprehensiveness and dynamic industrial flexibility and historical sectoral requirements. University graduates would stay in Dominica if the economy were dynamic, jobs and business opportunities available, taxes were reasonable, and foreign travel was accessible and convenient.

8. **Psychologically re-orient Dominican population for industrial competitiveness**

Recent experience in the US identified a host of attitudes that were eroding its capacity to effectively compete with, for example, Japan, Korea and Taiwan, in many industries. Reflecting national concern with this issue, government, academia and private corporations began researching the sources of Asian industrial strength. They came up with a host of explanatory factors - cultural, organizational, governmental, etc - most of them psychological. The US then began a process of correcting these factors in the American system. Dominica is just as prone to these problems, even more so, due to our colonial experience. And this applies across the board, from top to bottom – in government, business and the workforce (at Gen. Motors, the process started with the Chairman of the Board). Most of the US solutions are just as applicable to Dominica, even more so, due to our colonial experience. Some of the most critical factors are as follows -

- **pushing decision-making to the lowest functional level** of the organization - empower workers and distribute responsibility as far down as it can go, develop sense of vested interest, get buy-in of employees, free management for more critical tasks, especially where top notch management is in short supply; more education and training will facilitate this process
- **fostering entrepreneurship throughout the organization** - weighing and taking risks, recognizing effort required to take risks, recognizing failure integral part of risk-taking, fostering a can-do optimistic mentality, going the extra mile - generating greater economic competitiveness
- **importance of quality for productivity** - quality is #1, stop production line if quality being compromised; retrain workers immediately if quality not up to standard; good quality means less waste and lower cost, more customer satisfaction and loyal customers, more competitive products
- **the importance of teamwork** - especially as this might seem in opposition to the basic, free enterprise, competitive model, but on other hand exploits resource complementarity and intellectual capital, lowers cost, increases profit
- **constant improvement** - of process, methods, materials, information, technology, etc; a major source of quality and cost reduction, a built-in dynamic for growth and development, and for greater competitiveness of products, services and the economy

- **customer service** – to address customer needs, secure repeat business and use info/feedback for constant improvement of product and service
- **mobilizing local entrepreneurs/business** - Our local entrepreneurs, like our workers, also have to be re-oriented - psychologically and organizationally -- to meet the challenge of economic development and foreign competition; entrepreneurs in agriculture, tourism, IT, etc, will need organizations that will compensate for small size with information on production methods, processing, marketing and market information, standards and expectations, and the opportunities out there; we have the example of the Banana Association (although it has not been as dynamic as it should/could have been) but its philosophy and systems can be applied to other sectors as a start; our competitors are doing just that - eg. the Indian IT organization, the Puerto Rican tourist association, etc. All the factors mentioned above, quality, teamwork, constant improvement, also apply here. And you do not need any government involvement to set up these organizations.

9. **Institute early childhood and parenting programs**

Juvenile crime is becoming a major problem in Dominica, as it is in all the Caribbean islands, and it deserves urgent attention. On the one hand, this situation is partly a function of unemployed parents eking out meager livelihoods, too distracted to provide effective parenting; and on the other hand, the spread of destructive values fills the void left by poor parenting (illegal drug use, lack of discipline, disdain for learning and wisdom, poor work habits, disregard for authority and the law, theft and murder, etc). This is an area where early childhood education and community parenting programs need to be developed so that the tasks of education and training are not insurmountable. Remember the old Jesuit saying, “Give me your child until he is nine, then you can have him for he’ll be mine, forever.” It means take good care of early childhood training, and the child will be well launched into productive adulthood. And just as important, this is necessary so that Dominica is not left with a criminal sub-culture that will engulf the children of law-abiding citizens, and at the same time make life in the island intolerable, with all its consequences for migration and economic stagnation.

10. **Develop a much more efficient Medical Health System**

This is one of the most critical necessities if Dominica is to keep trained people and other technocrats it needs to get the development job done. Critical medical cases too often have to be sent to Martinique, Guadeloupe or N.Am, the cost of flying the sick to these countries is prohibitive; medical equipment in even the main hospital is lacking, poor or outdated; basic medicines and medical supplies are in dangerously short supply, hospitals are understaffed and trained medical personnel are limited, there is a lack of specialists in critical areas; there is no established, systematic process to access emergency medical care outside the island; there is no leveraging of a cooperative relationship with Ross Medical School; etc, etc. Part of the development process must be the expeditious correction of these problems. Get a small committee together from the local medical establishment, Ross Medical School, and the UWI Medical School, with the mandate to do a comprehensive review of the situation, get a program together, and get it funded and

implemented within a year, allowing for temporary fixes if necessary, but getting the initiative functionally off the ground, nonetheless.

11. Develop efficient airline links to N. Am and other Caribbean islands

This is important for effectively exploiting proximity to markets - for tourists coming in and out, for executives visiting plants, for export of high value goods, and for general travel by nationals and foreigners. The primary objective should be to get efficient connections so that tourists and other travelers can get to Dca in one day from the major metropolitan centers in N. America and Europe. Look at St Thomas, for example, and the ease of communication with islands in its vicinity, with the E. Caribbean, and with N. America. The utility/viability of an international airport in Dominica at this point can still be debated. What does cost/benefit analysis say? Who would fund? What other projects would compete for funds? In any event, efficient air connections are a priority, and this does not necessarily mean an international airport now for now.

12. Use our diplomatic consulates in foreign capitals as commercial missions

These diplomatic consulates must be used more aggressively as commercial missions -- to seek out investment for Dominica, to secure commercial and technical intelligence, to research markets and complement private sector effort, to secure foreign aid; the focus must shift from a diplomatic mission to a commercial mission; and the mission's success must be based on the amount of business investment and foreign aid, but primarily the former, it secures for the island; replace the traditional, primarily diplomatic role of our foreign consulates with a commercial/industrial imperative, still giving the traditional diplomatic duties some attention. These missions are very expensive propositions for a small state like Dominica; they must earn their keep in much more tangible ways than they have historically, or that they do today for the richer countries; we must re-invent them in the context of our pressing necessities.

Some specific project possibilities

The following is a brief compilation of ideas about possible projects. A planning body will have to do a deeper dive, adding, prioritizing, and formulating plans and projects for attracting commercial investment and foreign aid, and scheduling and facilitating project implementation.

Tourism

Focus on attractions specific to Dominica - the boiling lake and sulphur springs (mineral baths), historical sights, rainforests, deep coastal waters, Caribs (the only island with the people Columbus first met), the French/English historical connection; but do not neglect the beach-focused possibilities (see St. Thomas, USVI for minimalist beach tourism). Initially, these attractions could be open when cruise ships are in port; then as the tourist industry expands with more non-cruise visitors opening times could be expanded. Here are some possibilities.

Develop Boiling Lake trips (with or without the tram), Cabrits (with battle re-enactment, etc), mineral baths and health spas (clean, attractive and private) at sulphur springs, Carib cultural show (including sound and light), Rodney's Rock sound and light show, Botanic Garden tours (after Gardens redevelopment), Cathedral tours, Dominica museum (history and natural history),

Rum factory tours (sample bottles available), working plantation tours (including a plantation lunch), Ross Med School tour (free advertising for Ross), nature/rain forest tours, light and sound shows of Dominica history, tours of homes of famous Dominicans/people (Jean Rys, Allfrey, Brunias, Rawle, Loblack, Miss Charles, Bishop Bowers, Rev. Potter, etc), carnival as a tourist attraction, development of arts and crafts; a mariner or two (in Portsmouth, Douglas Bay or Roseau, depending on demand).

Dominica needs to attract one or two large chain hotels to help anchor the tourist industry with international advertising and contacts, that will bring in top flight management with ideas and methods that will defuse to the local industry, and will provide return customers to local hotels; Dominica also needs to develop a more congenial public attitude towards tourists (take a page from St Thomas or Barbados, follow the Toyota strategy for quality improvement, and institute education programs in hotels and in the community at large.)

Energy production

Expand hydroelectric power and solar energy production and develop thermal power from the boiling lake and sulphur springs, to provide cheap energy for the tourist, manufacturing, fisheries, information processing and consumer sectors, to reduce cost of production and cost of living, and increase competitiveness of the Dominican economy; develop a national grid and consider energy exports to Martinique and Guadeloupe; talk to people in countries that have experience in these industries - eg. Iceland, New Zealand for thermal energy, Norway, Sweden, US, Canada for hydro power.

Electronics manufacturing

Computer components -- contact the corporations that are manufacturing these products and/or the startups that are looking for locations to establish manufacturing plants; however, we need to be in a position to complement these initiatives with, over the long run, our local electronics engineers and programmers to help man these industries; in the initial stages these companies will bring in their own management and technical staff from the home country, Eastern Europe or Southeast Asia, but availability of a well trained technical and managerial workforce will give us a comparative advantage.

Information processing-- Data input, customer service, for N. America and Europe; contact the corporations that need these services and/or are launching startups that are looking for locations to establish these services; again, we will need electronics engineers and programmers, and IT trained personnel for these industries; and initially, these can be provided by the foreign company, and again, can come from the home country, Eastern Europe or Southeast Asia; but again, availability of a well trained technical and managerial workforce will give us a comparative advantage. (Note what Indian entrepreneurs are doing in this field.)

Fisheries

Exploiting the fish resources in Dominica's coastal waters -- for fresh, frozen, canned, dried, smoked fish, fertilizer, fish oil, etc. for domestic consumption and export to regional and metro markets; get help from the major fishing nations, eg. Norway, Japan, Canada, US, etc. The waters off Dominica are teeming with valuable fish, other nations send their fishing fleets to

exploit these resources, and we are yet to develop a Dominican commercial fishing industry of any significance.

Agriculture

Bananas, yes, but at substantially higher output per acre; and the Agriculture Division needs to be held responsible for achieving specific national productivity targets; also, much more attention needs to be given to other crops for local and regional consumption, and crops for agricultural processing for domestic consumption and export - bay oil, bay rum, banana wine and liqueurs, dried bananas, pork production based on reject bananas and coconut meal, etc; high value products like flowers, vegetables, certain fruits (mangoes, lichee, guavas, passion fruit, etc) to exploit high value and proximity to Caribbean and N.American markets; we were into some vegetable exports to N.Am once (when US closed its market to Cuba), why not try again, using Mongol/Asian method of attack - small, varied trial runs, improving in effectiveness, until a breach/market niche is found; apart from marketing, there'll be other issues - disease control, transportation, quality, etc, other players solve them, we can too.

Agricultural processing

Rum, rum punch (lime, passion fruit, coconut, etc), Dominican Irish cream, sample alcoholic bottle packs, various liquers - coconut, orange, ginger, pineapple, mango, etc (see Puerto Rico, St Croix, Jamaica, Barbados, etc) ; sorrel, ginger beer, bottled water and frozen bottled coconut water (see Jamaica); frozen or canned coconut milk and other exotic fruit juices for Caribbean and metropolitan markets (guava, orange, passion fruit, soursop, etc); plus old standbys - jams and jellies, guava cheese, shaddock, ginger preserves, etc (see Australia, Jamaica, Puerto Rico, etc; etc).

Regional food exports

Expand food exports to other Carib islands, for their domestic and tourist consumption - fresh and canned/processed; additional benefits include accumulation of information about processing, marketing and markets that will allow the local industry to acquire the knowledge and capability to successfully tackle the large, but more competitive and sophisticated metropolitan markets.

Management Personnel and Technical Aid

For the success of such a program – that is, instituting the strategies and launching the projects – the availability of management and technical personnel is the most important factor for any turnaround in Dominica's fortunes. Funding the projects is not a big problem. For commercial projects, open the economy to foreign investment as described above; for social projects and public capital investment, seek foreign aid. The big problem will be the availability of managers and technocrats to conceptualize, formulate and implement projects, navigating the Byzantine processes of the local and international arenas. Those who are there now are overworked, overextended and overwhelmed. They cannot get the job done, no matter how brilliant they are, and many of them are very smart and astute.

Initially, the larger part of the human capital requirement for the private sector can come with the capital investment projects and foreign aid programs. Later, domestic training programs will provide for these personnel. However, the most critical element to launch this development

program has to be a small team of professionals committed to Dominican economic growth, who are convinced of the unacceptability of the current state of affairs, and are convinced of the potential for genuine and substantial development, who have an understanding of how this can be achieved, and who can convincingly demonstrate that we will all be winners – government, landowners, business, workers and the poor. A team like this can be put together from various sources -- local technocrats, Dominicans/West Indians abroad, representatives from the local industry, and technical aid from regional and international organizations.

Conclusion

The above is a quick review of possibilities. The ideas here are not exhaustive, nor have they been fully fleshed out. This is not the intent of this document; that job is for the program planners. However, I must emphasize again, that the issue is not natural resource availability, nor is it capital availability. The issue is the mobilization of appropriate human resources -- to modernize our institutions and conceptualize plans and programs consistent with the ample existing resources, secure capital investment and foreign aid, and facilitate implementation of projects. Implementation will be primarily private-enterprise spearheaded; government will be primarily the facilitator.

I am confident that if the above strategies and programs are implemented, that within 5 years, Dominica will experience the rapid growth and development that has eluded it over the past several decades. There will be lots of jobs to go around, good incomes to be made, civil servants will be paid, good roads will be available, Roseau and Portsmouth could be painted and have their underground sewers installed. But if nothing is done and we continue with business as usual, development will continue to elude Dominica, poverty will be pervasive, crime will be endemic, and the population will decline or stagnate as migration accelerates.

Dr. J. Davison Shillingford
West Bloomfield, Michigan