

good economic policy, and that comes with education and training. Peru has done exactly the same more recently, following even worse mismanagement of its economy mainly in the Garcia era. Canadian investment in Peru for this year is running at about \$2.5 billion annually, maybe \$6 billion if certain large projects go ahead.

This can also work in favour of some of the smaller economies. El Salvador for example, which for years was racked by civil war and with no sign of economic growth, now has the second best credit rating in Latin America after Chile and as a result is attracting foreign investment and can borrow longer term more cheaply than much bigger economies in the region. Small African and Caribbean nations in particular should take note. Trinidad has been a similar success story.

Now, a quick word about the Caribbean, an area of interest to many of you. Despite remarkable progress away from former agricultural dependence and industrial growth most notably in Trinidad, the region suffers from being left out of the major trading blocs I mentioned. While regional initiatives in the basin have had successes, NAFTA led to a greater U.S. focus on Mexico and Chile and no doubt other South American countries in the future. The long-term key to the Caribbean is undoubtedly Cuba which contains 50% of the land mass and much more of most other resources including university graduates. The economic recovery of Cuba when it eventually happens in a post-embargo era will act as an engine for the whole region and especially for those countries and companies, such as Jamaican hotel groups already there. In the meantime, there is no alternative but to continue with the more modest growth and economic diversification already evident in market-oriented economies in place now in most countries in the region.

Returning to the growth of trade and investment, what should the so-called "financial community" be doing to facilitate this, in particular to encourage capital flows and trade to countries prepared to take the difficult route of economic reform, along the lines outlined in the Edinburgh Communiqué ?

While one can easily point to many successes, most economists believe that pouring funds from agencies like the World Bank into public sector projects has not, by and large, produced the desired result. Few if any of the successful economies came up the World Bank route and many believe that cheap long-term funding for projects in the public sector merely distorts local market forces and postpones much needed economic reform. Projects which are only viable with massive subsidies through sub-market financing are not likely viable projects in a market economy especially if Government-owned. Following the waive of privatization started by Margaret Thatcher, who invented it 19 years ago, more and more development projects, both infrastructural and commercial, are in the private sector and this is where the growth of the last decade has been and undoubtedly will be in