



THE MONA ECONOMIST

Department of Economics
The UWI Mona

Annual Newsletter (2014/2015)
Vol. 2 (Aug. 2015)

Alfred Francis

Econometrician Extraordinaire



Alfred Francis (1934-2015)

The Department of Economics, and indeed the entire Mona campus of the University of the West Indies, mourns the passing of Professor Emeritus, Alfred Francis. Prof. Francis, a graduate of MIT, was a member of the Department of Economics from 1962 to 1984 and again from 1992 to 2004, serving as the Head of Department from 1993 to 1999.

The professor was respected for his insistence on rigour and his own meticulous application of it in his work. He was also a highly regarded teacher, remembered by his former students, particularly for his ability to impart the meaning and spirit behind the technical intricacies of econometrics. Beyond his scholarly contribution, though, was the warm regard many felt for him as a colleague and particularly as a gentleman amongst the array of characters that make up any academic department. He was, truly, a gentleman and a scholar.

"Prof. Francis will be missed. Above all he was a gentleman. He chaired my interview panel when I applied to UWI in 2002. He was a person you learned from simply by being around him. He was a true academic." ~ **Prof. Abdullahi Abdulkadri**

"Prof Francis was my boss, mentor and very good friend. He taught me a lot, and encouraged and facilitated my career development during his tenure as Head of Department." ~ **Ms. Marjorie Bryan**

"Professor Francis was a giant among equals, a good friend and counselor." ~ **Prof. Edward Ghartey**

"Prof. Francis was my mentor, he helped spark my interest in economics." ~ **Dr. Andre Haughton**

"Al played many roles in my life. He was the father of a close friend, my lecturer, professional colleague, and my boss. He shone in each role." ~ **Dr. Damien King**

"I only had a few interactions with Prof. Francis, but they were all very meaningful. I was always struck by his wisdom, grace and humility. He will be missed." ~ **Prof. David Tennant**

Professorial Appointments

In Semester II, academic year 2014/2015, Drs Abdullahi Abdulkadri and David Tennant were promoted to the rank of Professor. The Department of Economics joins the wider UWI community in congratulating both gentlemen, and wishes them continued success.

Professor Abdulkadri

- ◆ PhD – Kansas State University
- ◆ Fields – Econometrics, Environmental Economics, and Health Economics
- ◆ Associate Dean – Research & Innovation (Faculty of Social Sciences)
- ◆ Past-President, Southwestern Economics Association



Abdullahi Abdulkadri



David Tennant

Professor Tennant

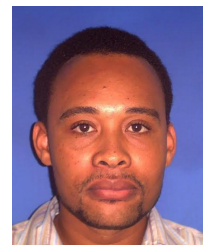
- ◆ PhD – The University of Manchester
- ◆ Fields – Finance, and Economic Development
- ◆ Associate Dean – Graduate Studies (Faculty of Social Sciences)
- ◆ Committee Member – Loans and Investment Committee of the Petrocaribe Development Fund

Congratulations

The entire Department of Economics extends heartiest congratulations to our colleagues, Dr. Dennis Denarto and Ms. Petri-Ann Watson on their academic achievements in the academic year 2014/2015.



On December 9, 2014, Dr. Denarto Dennis successfully defended his PhD Thesis (Sustainable Development), at the Sir Arthur Lewis Institute of Social and Economic Studies (SALISES), Mona Campus.



On Saturday November 1, 2014, Ms. Watson graduated with an MBA General Management (Distinction), from the Mona School of Business. Ms. Watson has a passion for events and logistics management, and research.



Top Graduate Students

Ms. Sherona Forrester and Mr. Rushaine Goulbourne are the top students (1st and 2nd respectively) for the MSc Economics Class (2015). The Department of Economics wishes them well and is confident of their continued success.

“I came across many interesting people and learnt quite a few lessons during my tenure as a student here at UWI (Mona). One lesson that sticks out, is that you have to learn what works for you as an individual, especially with regards to studying. This played an integral role in my success in the masters program. Another key lesson was mastering the art of teamwork.”

~ Sherona Forrester

“Before matriculating to the UWI (Mona) I was always a good student. What the UWI revealed to me, however, is that I could do a lot more, and more was demanded of me. The UWI has allowed me to grow and appreciate that hard work indeed pays off. The MSc. Economics programme has been the most challenging of my five years spent here. I, however, resolved in my mind that I would graduate with a distinction and I achieved that goal. At times it seemed out of reach but with the support and inspiration from family, friends, lecturers, and others, I pulled through. My advice to students is to set goals and keep your eyes on them, reminding yourself each day of where you want to be. More than anything else, never give up!”

~ Rushaine Goulbourne



Guilty Drug or Innocent Plant

On October 28, 2014, the Department of Economics (DOE), UWI-Mona, in conjunction with the Mona School of Business and Management (MSBM), and the Faculty of Law, hosted the symposium “Guilty Drug/Innocent Plant”. The symposium featured a panel consisting of Dr. Andre Haughton, lecturer DOE, Dr. K’adamawe K’nife (MSBM), Mr. Clyde Williams (Norman Manley Law School) and Dr. Mark Gillis (Faculty of Law). Ms. Wanda James of Cannabis Global Initiative, was the special guest speaker. The event was chaired by Mr. Dasharn Hendricks, and catered to a packed room of stakeholders (e.g. ganja growers), students and interested members of the public.

Dr. Haughton presented on the economic implications of legalising ganja. Noting Jamaica’s challenges with comparative advantage in agricultural products, he explained that Jamaican ganja has the potential to gain tremendous market share of an estimated US\$150 billion industry. His research revealed that three grades of Jamaican ganja – Swamp, Hills and High Grade - are produced at a lower costs than in the US. For example, the estimated production cost per pound of American ganja is **US \$177** compared to Swamp, Hills and High Grade which are produced at **US \$7, US \$13, and US \$29**, respectively.

Dr. K’nife presented a business model to support the industry. One that should recognise the regional concerns to reduce any negative externalities. The proposed model is one of social entrepreneurship, with an integrative approach to enhance the community at every aspect of the value chain by ensuring “wealth creation, not sharecropping”. Whereas medical marijuana is a zero sum game, the proposed industry would be providing benefits for all.

Noting that countries have interpreted the Single Convention on Narcotic Drugs (1961) to suit domestic interests, Mr. Clyde Williams opened the legal aspect of the symposium. In the case of Jamaica, geopolitics hinders it from complete legalisation of ganja. At this point, however, steps towards decriminalisation can mitigate international backlash.

Dr. Gillis in his presentation questioned the use of criminal sanctions as a response to the fallout of social vices. Using a libertarian approach in discerning what constitutes harm, he noted users should have a right to use so long as it does not harm another. Therefore, the sanctions on criminalisation of ganja should consider this. Criminalisation leads to further crime and the branding of individuals as criminals for life.

Ms. James closed the panel by drawing parallels to race and colour in the United States. The penal system, she noted, was continuing to contribute to America’s economic growth through coerced labour programmes. Of the 760,000 persons arrested for cannabis related offences, 85% were African American, hence the need for intervention. Nine months following the legalisation of ganja in Colorado, outlets and dispensaries have contributed US\$45 million in tax revenue and \$600 million in sales. The macroeconomic effects have been even greater as 10,000 jobs have been created in the industry and others in lighting, security, legal and other services. The housing market has seen an improvement with more families moving, and crime in certain areas has decreased. Overall, positive effects have been observed.

The forum ended with an interactive and animated question and answer session.



Kadawame K'nife



Mark Gillis



Wanda James accepts a gift.



Densil Williams

Photo Gallery
Ganja Symposium



Clyde Williams responding to a question



Andre Haughton



Wanda James making her presentation

Financial Development in Jamaica

On April 21, 2015, the Department of Economics held its second symposium for the academic year 2014/2015. The symposium was held at the UWI Regional Headquarters, Mona and was titled, “Financial Development in Jamaica: Is the financial sector ready for growth?” The symposium was chaired by Dr. Nadine McLeod (Department of Economics).

The presenters and snippets of their presentations are as follows.

1. Financing Development in Jamaica, A Panoramic View ~ Dr. Jide Lewis

- * Of the three main sources (bond, grants and loans) of external funding, grants and loans have been relatively stable in recent times. Other sources of external financing are remittances, foreign direct investment and private capital flows. Nine percent of remittances is saved.
- * China is playing an increasingly significant role in financing Jamaica’s development.

2. Access to International Capital: Do Credit Ratings Agencies Help or Hurt? ~ Dr. Damien King

- * It is optimal for credit rating agencies to overestimate the probability of default.
- * The evidence suggests that S&P, Moody’s, and Fitch are reluctant to upgrade poorer countries.

3. The FSC’s Role in Facilitating Capital Market Development in Jamaica ~ Mr. Lyndon Martin

- * The FSC, is committed to IOSCO’s 3 core objectives: 1) The protection of investors; 2) Ensuring that markets are fair, efficient and transparent; and 3) The reduction of systemic risk.

4. Financing Development: Lessons from Advanced Countries ~ Mr. Karsten Muller

- * Lessons: 1) Banks create money, but with macroeconomic consequences; 2) Inflation targeting, in its current form, does not work; 3) Credit allocation should be a top priority
- * New and old tools for financial development and stability: 1) Nominal GDP targeting and a broad central bank toolkit; 2) Collateral laws that encourage lending to many sectors; 3) Non interest rate instruments to address credit allocation.

5. Access to Domestic Financing in Jamaica ~ Prof. David Tennant

- * Domestic private finance is an important source of finance in Small Island Development states.
- * Demand side issues now represent a binding constraint. There’s an urgent need for awareness building.

The presentations were followed by comments from a distinguished panel of persons from the financial sector. The panel consisted of:

1. Mr. Dylan Coke, VP, Origination & Capital Markets **Scotia Investments JA Ltd**
2. Mr. Dennis Cohen, Deputy Group Managing Director **National Commercial Bank**
3. Mrs. Maureen Hayden-Carter, Former President **Jamaica Bankers Association**, and
4. Mr. Robin Levy, Deputy General Manager **Jamaica Stock Exchange**

Financial Development in Jamaica (Symposium) : Photo Gallery



Damien King at the podium



L-R: Levy, Hayden Carter, Cohen, & Coke



Lyndon Martin



Nadine McCloud



Jide Lewis



Karsten Muller



Dennis Cohen at the podium



David Tennant

Digicel vs Lime: How will consumers fare in the fight for market share?

The Department of Economics, UWI-Mona, continued its public education programme with a lecture on the telecommunications sector by senior lecturer, Dr. Abdullahi Abdulkadri, on November 25, 2014. The 90 minute open forum was boosted by the presence of officials from LIME and Digicel along with staff, students and the public.

The presentation overviewed the history of competition in the telecommunications sector following the legislation of the Telecommunications Act (2000). This deregulation of the market provided a windfall of revenue for the Government of Jamaica which auctioned licenses to new entrants Digicel and MiPhone as the main competitors to the then Cable & Wireless Jamaica. American company AT&T, though in possession of a license, opted not to enter the market. Consumers derived the greatest benefits as new technology was introduced and choices became available, specifically in mobile telephony. Penetration in this sector improved from 5% of the population in 1999 to 100% by 2007 and 117% by 2010. The market share in the industry shifted dramatically with LIME holding 20% in 2006 to Digicel's 76%.

Deregulation has improved competition in the market and mergers and acquisitions are nothing new to Jamaica. MiPhone was acquired by Claro in 2008, C&WJ rebranded as LIME and Digicel and Claro recently merged in 2011. While this has transpired consumers have continued to receive lower prices for mobile and other services.

Dr. Abdulkadri used game theory to explain the current market and the strategic decisions of players in the telecommunications sector. While the proposed merger of LIME and Columbus Communications would result in a highly concentrated market for broadband and fixed-line services, the structure of the sector has proven that this will not represent a natural monopoly. Dr. Abdulkadri noted that the history of vibrant competition and regulatory action in the industry has shown that an increase in prices is not expected to occur as firms are aware of the possibility of new firms entering the market. What the merger would also do is force the other major player in the market to invest in infrastructure and consumers would benefit from new technology and competitive prices, contingent on a watchful regulator.

Whether the merger is approved, or not, competition in the sector will be maintained. Jamaica has proven to be an attractive market for incumbent firms. Moreover, new entrants would present benefits to the government through licensing, and the wider economy by investment in new infrastructure. Dr. Abdulkadri noted that the main concern for consumers, post merger, should be on service quality and the variety of plans, rather than price. Indeed, Jamaican consumers already benefit from a competitive market and an independent and active regulator.

Financing Tertiary Education

The first public forum of the academic year was held on Tuesday September 23, 2014, at the Undercroft, UWI-Mona. The program saw presentations by Dr. Peter-John Gordon and Minister of Education, the Honourable Rev. Ronald Thwaites. The forum was chaired by Dr. Marie Freckleton.

In sum, Minister Thwaites' presentation implored students, and their parents, to view tertiary education as primarily their responsibility. In particular he spoke to saving for tertiary education and carefully choosing one's field of study. The latter point is underscored by the fact that there's a superfluity of law graduates who are unable to secure employment in the field of law.

Dr. Gordon, in his presentation, made clear that tertiary enrollment should be based on the ability to benefit as opposed to the ability to pay. He suggested proposals for the funding of tertiary education in Jamaica.



Min. Ronald Thwaites

“Tertiary education is not an entitlement.”

- Hon. Minister of Education
Rev. Ronald Thwaites

Reggae Boyz: Does the coach matter?

On Tuesday March 31, 2015, Dr. Christine Clark presented her paper, “Managerial Performance and Team Composition in International Soccer: Evidence from Jamaica”. This was the department's third public forum for the academic year. Below is the paper's abstract.

Abstract

This paper uses data from 188 international matches played by the Jamaica national senior men's soccer team between 1995 and 2014 to examine the role of a variety of different factors on match performance. The econometric analysis uses two match performance variables – goal difference and match result – with controls for the identity of the coach, disciplinary sanctions, and fixture type. Variation in team performance across different national coaches and the issuing of a red card to an opponent improves the outcome in Jamaica's favour, as does playing lower ranked opponents on the basis of FIFA's country rankings.



Christine Clarke



Students during the Q&A

Faculty Publications

Journal Articles:

Abdulkadri, A.O., 2014. "Impact of Deregulation of the Jamaica Mobile Phone Market on Calling Rates." *American Journal of Economics and Business Administration*, 6(2): 81-88.

Abdulkadri, A.O., 2014. "Jamaica: A Case Study in Debt Sustainability and Sustainable Development." *Journal of Sustainable Development Studies*, 7(1): 19-35.

Abdulkadri, A.O., 2014. "Achieving the Renewable Energy Target for Jamaica." *Expert Journal of Economics*, 2(1); 37-44.

Abdulkadri, A.O., 2014. "Variation in Prices of Food Items in Jamaica: An Exploratory Analysis of Pricing Mechanisms of Supermarkets in Kingston." *Global Journal of Agricultural Innovation, Research and Development*, 1 (2): 45-50.

Evans, Alecia, 2014. "Preservation or Exploitation: What to do with the Caribbean Ecosystem?", *Journal of Sustainable Development Studies*, Vol. 7, No. 1, 2014, 109-131.

Dennis, Denarto, 2015. "An essay on global poverty- the ultimate solution" *Canadian Journal of Latin American and Caribbean Studies*, Vol 27 (3).

Dennis, Denarto, 2015. "An empirical investigation into the causes and consequences of global poverty and an exploration of possible future solutions" *Journal of Economic Letters*", Vol 51A.

Ghartey, Edward E., 2015. "Causal Relationship Between Financial Development And Economic Growth In South Africa," *Applied Econometrics and International Development: AEID* 59-1. January-June 2015.

Tennant, David and Sutherland, Richard, 2014. "What Types of Banks Profit Most from Fees Charged? A Cross-Country Examination of Bank-Specific and Country-Level Determinants." *Journal of Banking and Finance*.

Edited Book:

King, Damien and Tennant, David. eds. "*Debt and Development in Small Island Developing States.*"

NB: Professor Abdulkadri, Dr. King and Professor Tennant contributed articles in the book.

Conference Presentations

* **Dr. Samuel Braithwaite**

Sir Arthur Lewis Centennial Conference. St. Lucia, January 14-16, 2015.

“Technological Advancement in the Lewis Model”

* **Dr. Denarto Dennis**

Sir Arthur Lewis Centennial Conference. St. Lucia, January 14-16, 2015.

“An enquiry into the causes and consequences of poverty and an exploration of possible future solutions (1960-2005): Paired cases of Botswana and Zimbabwe; the Dominican Republic and Haiti; and the Cayman Islands and Jamaica.”

* **Dr. Christine Clarke**

Commonwealth Secretariat Workshop: Building resilience in the Caribbean, London England, April 2-5.

“Regional Public Goods and potential synergies across the Caribbean”

* **Dr. Andre Haughton:**

Eastern Economics Association Conference (February 26 – March 1, New York, USA)

“Current Account and Real Foreign Exchange Dynamics”

* **Dr. Jan Keil**

Eastern Economics Association Conference (February 26 – March 1, New York, USA)

“Explaining the Concentration-Profitability Paradox”

Book Launch

As part of the activities for the UWI Mona Research Days (2015), Dr. King and Professor Tennant successfully launched their timely book, “Debt and Development in Small Island Developing States”.

The book was well received so much so that the copies of the book were quickly bought by the sizable crowd which turned up for the launch. Among the special invited guests were the honourable Minister of Finance, Dr. Peter Phillips, and Principal of the UWI Mona, Professor Archibald McDonald. The event was chaired by Dr. Minna Israel, special advisor to the Vice-Chancellor (UWI).



Pictures, and other information, on public events of the Department of Economics can be found on the department’s website - <https://www.mona.uwi.edu/economics/>

Department Seminars

For the academic year 2014/2015 Ms. Kimoy Soley (Lecturer) organized the following department seminars. Academic staff are encouraged to give at least one public lecture (see public forums) or department seminar each academic year.

- * **Dr. Jan Keil** (September 25, 2014)
“Financial Constraints & Investment: Evidence from US Companies.”
- * **Dr. Andre Haughton** (November 13, 2014)
“Current Account & Exchange Rate Dynamics in the Caribbean & Latin America”.
- * **Dr. Damien King & Prof. David Tennant** (January 22, 2015)
“Asymmetric Bias and Self-fulfilling Sovereign Defaults”
- * **Dr. Samuel Braithwaite** (January 29, 2015)
“Technological Advancement in the Lewis Model ”
- * **Dr. Patrice Whitely** (February 12, 2015)
“The Impact of Class Attendance on Performance: Evidence from the tropics”
- * **Dr. Marie Freckleton** (February 26, 2015)
“The Services Trade in Small Economies”
- * **Dr. Peter John-Gordon** (March 12, 2015)
“Moral Hazard and Adverse Selection in the Demand for Health Services”
- * **Dr. Tamoya Christie** (March 19, 2015)
“Gender Equity in Taxation in Jamaica.”
- * **Dr. Nadine McCloud** (March 26, 2015)
“Domestic interest Rates and FDI under Uncertainty.”



David Tennant making his presentation



L-R: Min. Peter Phillips & Principal Archibald McDonald

“Debt & Development In Small Island Developing States”

Book Launch Photo Gallery



Minna Israel



L-R: King, Tennant and a customer



L-R: Tufton, Dean Duggan, Abdulkadri & Williams

The W. Arthur Lewis Centennial

This year (2015) marks the 100th birth anniversary of the Caribbean's most celebrated Economist, and lone Caribbean winner of the Nobel Memorial Prize in Economic Sciences, William Arthur Lewis. Lewis was born in St. Lucia on January 23rd, 1915. By some cosmic conspiracy, Lewis shares January 23rd with another St. Lucian Nobel Laureate, Derek Walcott. W. Arthur Lewis (as he preferred to be called) was appointed the first Professor of Political Economy in the Department of Economics in what was then the University College of the West Indies (UCWI). He was the first West Indian Principal of the College and in 1962, when UCWI became the independent University of the West Indies (UWI), he was appointed the first Vice Chancellor. The UWI aside, Lewis served in different capacities at several other universities, namely, The London School of Economics, The University of Manchester, Princeton University and the University of Guyana.

Lewis' 1954 seminal article, "Economic Development with Unlimited Supplies of Labour" is widely regarded as the work for which he was awarded the Nobel Prize. His voluminous writings on development economics aside, W. Arthur Lewis worked with several governments in the Caribbean and further afield. He was a strong proponent of regional integration, and was disappointed by the failure of the West Indian Federation.

To celebrate the "Lewis Centennial" the institution which bears his name, the Sir Arthur Lewis Institute of Social & Economic Studies (SALISES), held its annual conference in St. Lucia (January 14-16, 2015). This was a first since the annual SALISES conference usually alternates among the UWI campuses that have branches of SALISES, i.e. Cave Hill (Barbados), Mona (Jamaica) and St. Augustine (Trinidad). The W. Arthur Lewis Centennial Conference was jointly hosted by SALISES, the Caribbean Development Bank (CDB), and the UWI Vice-Chancellery in association with the UWI Open Campus (St. Lucia). On January 23, 2015, the St. Lucia Nobel Laureate Week Committee and UNESCO organized a global forum to discuss the application and relevance of Lewis' work; SALISES played a special role in chairing the global forum. At UWI Mona, the UWI Museum and SALISES (Mona) held a symposium on April 1, 2015. The symposium was titled "W. Arthur Lewis, Relevant as ever in his centenary year: Illustrations from Caribbean Research." Mark Figueroa, an authority on the work of Lewis, played a pivotal role in organizing the Lewis centennial celebrations. Samuel Braithwaite and Denarto Dennis (UWI-Mona, Western Campus) represented the Department of Economics at the Conference. Samuel Braithwaite also participated in the activities held at UWI Mona.



W. Arthur Lewis' official portrait as Vice Chancellor, The UWI.
Photo Credit: Shavar Maloney

"the advantage of economic growth is not that wealth increases happiness, but that it increases the range of human choice."

- W. Arthur Lewis

Department Farewells



Mark Figueroa during his stint as Dean (Soc. Sciences)
(Photo Credit: The UWI (Mona))

After 40 years as a faculty member in the Department of Economics, UWI (Mona), Mark Figueroa, as he prefers to be called, decided to take up a position as professorial fellow at the Sir Arthur Lewis Institute of Social & Economic Studies (SALISES), UWI- Mona. His tenure in the department officially ended on July 31, 2014. The Department of Economics wishes him continued success.

Mark Figueroa

- ◆ Professor of Caribbean Political Economy (2011).
- ◆ Leading scholar of the history of development policy and economic thought in the Caribbean.
- ◆ Research Day award winner for Faculty of Social Sciences: twice as most outstanding researcher; six times for best research paper.

Served at different times as:

- ◆ Dean, Faculty of Social Sciences.
- ◆ Head, Department of Economics.
- ◆ President, West Indies Group of University Teachers (WIGUT).



Peta-Gay receives a farewell token from Damien King.

Towards the end of the academic year (2014-2015), lecturer, Ms. Peta-Gay Fairclough Campbell ended years of dedicated service to the Department of Economics, and the wider UWI (Mona) community.

The department wishes her every success in her future endeavors.



In keeping with the season of giving, the Department of Economics donated food and toiletries to the Salvation Army. Petri-Ann Watson poses with the items just before they were picked up, on Friday December 5th 2014.



The Season of Giving



Alex Robinson, former Economics Graduate student, presents to Yolanda Tugwell (Librarian Acquisition UWI-Mona), a copy of Lee Kuan Yew's best selling book, "From Third World To First". The presentation was made on Tuesday December 9th 2014.

Faculty Day 2014/2015

On Tuesday August 19th the Faculty of Social Sciences held its annual Faculty Day activities. This event was started some years ago by the then dean, Mark Figueroa.

For the second year running, Dr. Patrice White-ly, lecturer in the Department of Economics, won the best dress prize at Faculty Day. Drs. Samuel Braithwaite and Jan Kiel, who joined the department in the 2013-2014 academic year, were officially welcomed.



Patrice White-ly in her prize winning ensemble.



Annual Graduate Picnic (October 31, 2014)



Q & A Session (Ganga Symposium)



Q & A Session (Ganga Symposium)



Siblings (David Tennant & Paula Tennant)



Graduate students (Finance Symposium)



Q & A (Ganga Symposium)



Audience (Telecommunications Public Forum)



Q & A (Finance Symposium)

Department of Economics

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