Submissions to the Commission of Enquiry Into the Collapse of Financial Institutions in Jamaica in the 1990's with particular reference to the role, if any, played by Life of Jamaica Ltd.

A brief history of Life of Jamaica

Life of Jamaica (LOJ) was formed on June 1, 1970. It was formed as a public company and listed on the stock exchange. It's shareholders numbered several thousand and I had the honour of leading the team that created the company.

I was named President on June 1, 1970 and served in that capacity till January 1977.

I took leave from the company in January 1977 for 3 years, and returned in January 1980 as Executive Vice Chairman with responsibility for corporate planning and long term development. I served in that capacity for two years.

I rejoined the company as President in mid 1986 and retired in December 1995.

Life of Jamaica started from scratch with share capital of 2.5 million dollars. The company had a contract with North American Life of Canada to service its many policy holders on a fee per policy basis.

The Board of Directors was made up of prominent young Jamaican businessmen. It was chaired by the Hon. Douglas Fletcher with the Hon. Mayer Matalon as Vice Chairman. Mr. Matalon served for about two years and was succeeded by Mr. Richard Issa as Vice Chairman.

Mr. Douglas Fletcher served as Chairman until 1972 when he was appointed Ambassador to the United States. He took leave from the Board but resumed his position as a director in 1976. Mr. Fletcher was succeeded by Hon. Patrick Rousseau who served as Chairman till 1996. He in turn was succeeded by Hon. Dennis Lalor who was appointed Executive Chairman.

The creation of Life of Jamaica was guided by a well respected Toronto firm of accounting and management consultants, Kates Peat Marwick. The consulting actuary assigned to the company was Mr. David Wright. The re-insurers to the company were the Canadian office of Mercantile & General Reinsurance Co Ltd. The auditors were Peat Marwick of Kingston.

The company was set up along very professional lines from the outset. We held monthly board of directors meetings which received a full report on company operations.

Several sub-committees of the Board were appointed including an Investment Committee which met regularly and approved all investments made by the company. This practice continues to this day.

Life of Jamaica was among the first companies in Jamaica ... if not the first ... to establish an `audit committee' which was chaired by Mr. Carol Thorbum of Heron Thorbum & company. - now Deloitte Touche.

Within a couple of years the company appointed its own in-house Actuary who worked under the direction of the Consulting Actuary and ensured that policies were appropriately priced and that the company lived within the margins provided in the premium rates.

LOJ was one of the early pioneers in North America and the Caribbean to use a computerized model office. Insurance companies lend themselves naturally to the use of a model office which guides management, and ensures the company lives within its available resources. As a result LOJ never ran into any financial problem, and was able to achieve its planned profit targets In fact LOJ grew from strength to strength over many years.

In the first 10 or so years the company's products were as follows.

-*Traditional individual life insurance products
Group life insurance

` " G r o u p pension plans and group annuities

In the mid 80's the company entered the 'group health insurance field'. It is worth noting that from 1970 when the company entered the business of 'group pension' most of the associated funds were Invested in Segregated Pooled Funds; a small portion was held in the Pension Deposit Administration Fund. Thus, in the main, the funds from clients are pooled and in turn invested in the Segregated Pension Funds.

These funds were segregated from the life insurance funds of the company and were not subject to any liabilities that the company might incur in the normal running of its insurance business.

There were three funds:-

4' An equity fund

$ A mortgage and real estate fund

- * A fixed income fund

As a precaution the pooled pension fund contracts provided that in the event of a liquidity crisis, we were entitled to postpone payment for six months and to pay out proceeds over a twenty-four month period. In addition it enjoyed the right to transfer securities in lieu of cash. All large pieces of real estate held by the funds were registered in multiple strata lots to facilitate transfer of portions of a building if necessary.

The company grew from strength to strength during the 70's in spite of some difficult times. During this period it was able to acquire several `books of businesses' from Canadian companies who for various reasons opted to sell their business and cease operating in Jamaica.

This was very advantageous to LOJ because the company now owned blocks of business that were producing surpluses needed by LOJ to cover the cost of new business being acquired at a rapid pace. There is an up-front capital cost to writing new life insurance policies so profitable acquisitions provided funds which enabled an aggressive rate of growth.

In 1980 LOJ acquired controlling interest in Jamaica Citizens Bank (JCB) which was run as a completely separate entity. This proved to be a good investment for LOJ and contributed greatly to its profitability for several years.

It is appropriate for me to mention that LOJ never drew on Jamaica Citizens Bank's resources to assist its operations ... not even in the 1990's when LOJ faced liquidity and solvency problems. It is important to emphasize the fact that the failure of Jamaica Citizens Bank was in no way associated with the problems of LOJ as the bank was not exposed to the credit risk of LOJ, and was never called upon to provide liquidity support.

During the 1980's the company continued to grow. It acquired a large tract of New Kingston land at a very low price. Shortly after, inflation began to increase and stock prices and real estate prices recorded large increases.

We were able to convert our ownership of the New Kingston lands into a very profitable endeavour. The profits were not distributed but were used to establish special investment reserves.

In 1991 we were able to acquire the Manufacturers Life portfolio in Bermuda, Bahamas, Cayman and Puerto Rico. During the 1990's all of these companies were disposed of profitably with the exception of Cayman which is still a subsidiary of Sagicor Life ...formerly LOJ

By this time Life of Jamaica was an important and valuable member of the financial community.

We noticed with concern a developing trend

As a result of high inflation the coupon rate on government securities began to rise. Real estate values rose in nominal terms, but more important to investors their investments appreciated in real terms as well as in relation to US dollars.

Stock market prices were also escalating and our policyholders who had noticed these changes begab responding. Traditional life insurance policies began to lose favour with the public.

To meet this challenge LOJ in 1987 introduced the Universal Life Plan which was linked to the performance of a new set of segregated funds, namely;

Long Term Securities Fund - stocks listed on the stock exchange

""Folio 4 Property Fund - mortgage and real estate fund

-*Short Term Securities Fund - invested mainly in government of Jamaica securities.

Throughout the 80's the company performed well. Profitability improved year over year and so we were able to invest in new business which was necessary as a result of the increase in expenses arising from the rate of inflation over which we had no control.

Up to this time for the most part life insurance was a fixed price product. By that I mean the amount allocated in premiums for expenses was fixed and could not be increased.

As a result of inflation our costs were escalating. Keep in mind that 60% to 70% of the administrative costs incurred by an insurance company are for overheads, salaries, rent and consumables. When each is being hit with high rates of inflation it causes serious dislocations. The only way to pay the rising costs is through investment profits and larger volumes of business.

But first you must have the capital to invest in the acquisition of new business. LOJ was fortunate to be in that position primarily due to prudent management, and profits made on its real estate transactions.

As we moved into the 1990's the situation became more difficult. From 1989 the inflation rate began to rise even more rapidly. The unions began pressing for 50% plus increases in salary and every item of expenditure began to escalate at an even faster pace. In the 5 year period *from 1990 TO 1995 INCLUSIVE INFLATION AVERAGED SOME 40% AND PEAKED AT 80% IN 1991. THAT MEANS COSTS DOUBLED IN 2* ***YEARS*** *AND* ***QUADRUPLED*** *IN4 YEARS AND 2 MONTHS ...IF* COSTS *SIMPLY MOVED WITH INFLATION.*

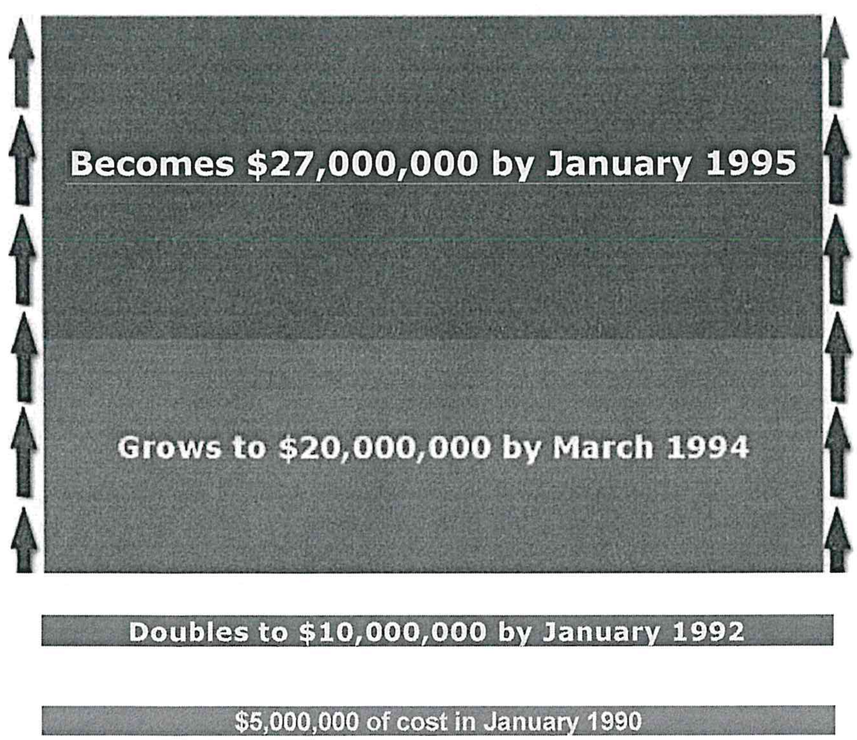
It *was near* impossible *for an* insurance company *with* much *of its income* fixed ... TO WITHSTAND THIS HURRICANE.

The volume of treasury bills increased at an eye popping 400% between 1985 and 1989 fuelling inflation and aggravating the problem. The illustration below is relevant because it illustrates both cause and effect.

The jaw-dropping effect of the high inflationary environment on costs is illustrated graphically in the next chart. Cooling the economy became necessary ...because of fiscal deficits financed with borrowed money, and the resulting inflation. The impact over the 5 year period January 1990 to January 1995 is illustrated in the diagram below. This is what should never have happened and I propose this as the first period to examine. 1987 to 1992

The effect of 40% Inflation on 5 million of cost.

Costs **double** in **2 years,** **quadrupled in 4.1 years. The original $5,000,000 grows to $52,706,864 in just 84 months.**



The high interest rate regime that followed deflated prices ... but the regime was applied aggressively and FOR TOO LONG. That is the second period to examine. 1993 to 2000

The period between 1987 and 1992

This is when the paper economy, stocks, and real estate exploded in nominal terms when by comparison the real economy was not performing well. Investing in productive enterprises took a back seat to chasing paper profits. In hindsight a huge bubble was being inflated.

Policy holders were cashing out their policies in an effort to take advantage of the high returns from these instruments. They needed to protect themselves from the ravages of killer rates of inflation.

It is easy to recognize a bubble in hindsight. However with inflation averaging 40% per year real estate seemed like one asset class that would appreciate in real terms, and if not, at least in line with inflation.

Government continued issuing a huge volume of securities, a practice that started from 1984.

Stock market and real estate prices escalated at an alarming and staggering pace especially after deregulation which took place in September 1991.

In addition taxation policy changes were introduced by Government early in 1992, in the context of a rapidly increasing money supply. The imposition of withholding tax on interest sensitive investments instruments offered by the banking sector induced large shifts of investments from the banks.

Funds exiting the banks moved directly, and indirectly to the stock market initially; and with a lag ... to the real estate market as well.

I will discuss the role of deregulation and its impact under a separate heading.

The period between 1993 and 2000

During this period the Monetary Authority employed a regime of high real interest rates which resulted in economic contraction and deflated asset prices

This period was characterized by:-

`4 High interest rates

-? Huge interest rate arbitrage profits

- 4 Strong Net International Reserves growth

- 4 A contracting real economy

- 4 Collapsing stock market prices

  Imploding real estate values

- 4 Business failures

- 4 Credit contraction

- 4 **Loan defaults**

- 4 **Bank** failures

- > Asset write downs

-a Cash shortages

All leading to the collapse of the financial system in the wake of an overheated economy.

The following chart may give more than a hint as to the root causes of the financial collapse that followed.

Year	US$1	Exchange Rate	Devaluation	Inflation Rate	Treasury Bill Rare	Commercial Bank Lending rates
1977	US$1	=J$ .91				
1978	US$1	=J$ 1.41	54.94%			
1979	US$1	=J$ 1.76	24 .80%		9.38%	
1980	US$1	=J$ 1.78	1.01%	27.30%	10.20%	
1981	US$1	=J$ 1.78	0.00%	A.60%	10.08%	
1982	US$1	=J$ 1.78	0.00%	6.50%	8.80%	
1983	US$1	=J$ 1.92	7.86%	16.70%	12.78%	
1984	US$1	=J$ 3.94	105.20%	31 .20%	13.76%	
1985	US$1	=J$ 3.94	0.00%	23.40%	19.04%	
1986	US$1	=J$ 5.50	39.59%	10.40%	20.70%	
1987	US$1	=J$ 5.51	.18%	8.40%	18.21%	
1988	US$1	=J$ 5.51	0.00%	8.50%	20.23%	
1989	US$1	=J$ 5.57	0.00%	17.20%	20.93%	
1990	US$1	=J$ 7.24	1.08%	29.60%	34.00%	
1991	US$1	=J$12.22	330.000%	80.20%	38.45%	35.78%
1992	US$1	-J$ 22.99	68.78%	40.20%	24.60%	53.49%
1993	US$1	=J$ 25.11	9.22%	30.10%	48.90%	59.16%
1994	US$1	=J$ 33.29	32.57%	26.90%	42.11 %	62.33%
1995	US$1	=J$ 35.35	6.18%	25.50%	20.00%	50.26%
1996	US$1	=J$ 37.25	5.37%	15.80%	38.56%	57.98%
1997	US$1	=J$ 35.51	-4.67%	9.20%	21.89%	45.31%
1998	US$1	=J$ 36.65	3.21 %	7.90%	24.97%	41.74%
1999	US$1	=J$ 39.20	6.96%	6.80%	20.54%	37.08%
2000	US$1	=J$ 43.08	9.89%	6.10%	18.14%	32.52%
2001	US$1	=J$ 46.08	6.96%	8.50%	16.98%	28.93%
2002	US$1	=J$ 48.54	5.33%	7.20%	15.72%	25.87%
2003	US$1	=J$ 57.93	19.34%	13.80%	24.98%	25.18%
2004	US$1	=J$ 61.34	5. %a	13.70%	15.31%	25.02%
2005	US$1	=J$ 62.50	1.89%	12.60%	12.67%	24.91%
2006	US$1	=J5 65.88	5.04%	5.70%	12.18%	22.50%
2077	US$1	=J$ 69.06	4.82%	9.30%	11.91%	23.07%
2008	US$1	=J$ 72.92	5.58%	22.00%	24.45%	
2009	US$1	= J$88.50	21.36%		17.04%	

What, if any, was Life of Jamaica's Role?

I am not an economist but common sense suggests that if a large, relatively conservative, professionally managed company like Life of Jamaica ... experienced serious liquidity and solvency problems in the late 1990's it's important to examine the fiscal and monetary environment of the period leading to the financial collapse.

In order to understand the role played by Life of Jamaica and a host of other financial institutions caught up in the debacle that led to the formation of FINSAC one must first examine in detail the economic environment that was its precursor.

Between 1990 and 1995 inflation averaged 40% per annum with the peak being 80 percent in 1991. This created an environment ultimately destructive to business enterprise. The economy heated with massive amounts of money chasing yield ... in order to cover rapidly rising costs. The role and responsibility of trade unions to their membership is crucial in a high inflation environment. Jamaica is not unique in this respect, so naturally unions were active and forceful in advocacy.

Government budget deficits were being covered with borrowed money, with no corresponding increase in production or productivity. Pressures were building that would in due course blow the lid off the exchange rate.

The annual increase in money supply averaged 47% between 1991 and 1995 and domestic debt catapulted from ten billion dollars to fifty billion dollars.

Each billion dollars borrowed and spent by government ends up in the banking system. It is then leveraged perhaps eight times so one billion has the effect of eight billion dollars speeding through the economy in search of a yield higher than inflation.

But it gets worse when banks, individuals and companies make an assessment of risk and decide lending to the government at 40% is safer than taking any business risk. The result is a contraction in productive enterprise and an explosion in chasing paper profits.

Those who had cash wanted the highest yield and those who took, or already had business risk associated with borrowed funds found they could not pay the high, AND RISING, interest rates demanded.

Loans with unpaid interest were sometimes rolled into bigger and bigger loans. Banks booked profits in the process, and the borrower's equity in securities they offered diminished, in many cases to zero.

With lending rates lower than the high inflation rate, particularly in 1991, people were encouraged to speculate with borrowed funds in real estate, government paper, and the stock market.

A popular strategy was to introduce into Jamaica US dollars and leverage them by borrowing more USD at between 10% and 15%. The entire amount was then converted to Jamaican dollars and placed in government bonds or commercial paper at rates between 40% and 55% ... and in some cases higher. Foreigners and Jamaicans participated in what became a highly profitable game of arbitrage.

The strategy was to watch the exchange rate in relation to interest rates. A stable exchange rate and high government paper rates created massive arbitrage profits for many years with absolutely NO PRODUCTION OF ANYTHING ... other than adding to the National debt. The illusion was that the funds represented an investment in Jamaica ... however when viewed correctly the foreign exchange was nothing more than a high interest foreign exchange loan. In defending the NIR we were in effect paying additional interest on those loans in an effort to hold on to the funds.

The high interest rate environment divided the business community into two distinct groups.

The 'cash rich' chasing paper profits in the stock market, government paper or high interest commercial paper. This is a distinct disincentive to productive enterprise.

. . * The 'bank and commercial paper borrowers' unable to keep up with high inflation, high interest rates, and the demands of trade unions.

The government decided in 1993 to raise interest rates higher than inflation to cool the economy and stabilize the Jamaican dollar. The T-bill rates doubled in 1993 to peak at 48.90% per annum and at its peak the BOJ rate for overdrafts incurred by the banks was as high as 126% per annum.

This course of action would not have been necessary were monetary and fiscal policies appropriately conservative in prior years ... but in the circumstances understandable. Similar to when Federal Reserve Chairman Paul Volker raised interest rates in the USA to 20 percent in the early 1980's.

It's my opinion that these high rates were maintained long past the point of being constructive.

The Net International Reserves" grew during this prolonged period of excessively high interest rates, again for understandable reasons. And the desire for an increasing NIR may have influenced the decision to keep rates high for too long. So an initially responsible strategy morphed into a destructive force ... eroding the ability of many good businesses to survive or prosper.

On the other hand we have people converting, for example, USD 1,000,000 into J$ and placing the proceeds in short term high yielding government paper. The monthly rollover is compounded for as many as 7 years then converted back to USD. Remember the government objective, and that of the Bank of Jamaica was to cool the economy and protect the value of the Jamaican dollar. To achieve these goals excessive real interest rates were in effect paid on, and for US dollars. Sometimes these US dollars were leveraged to magnify investor return.

It is my opinion INTEREST RATES HELD TOO HIGH FOR TOO LONG did grow the Net International Reserves and the real *price* Jamaica *paid* is the cost of FINSAC.

High interest rates were simply kept in place FAR TOO LONG AND WITH DEVASTATING EFFECT. The price is still being paid and will continue to be paid for generations to come.

Some life insurance companies issued interest sensitive policies which guaranteed high interest rates. Life of Jamaica never went down this road because we were well aware of what happened in the USA in the early 1980's when some companies attempted to attract and retain funds this way, and the dire consequences that followed. We stuck with our equity linked products REFLECTING WHAT WAS ACTUALLY HAPPENING IN THE MARKET.

The stock market was falling dramatically and many people who invested in policies linked to stock prices decided to cash them out.

Life of Jamaica by the nature of its business places funds in investment grade real estate and for particular purposes explained earlier, in the stock market. These two areas imploded with devastating results for individuals, small companies, large companies, and financial institutions.

Real estate investments which in earlier years contributed handsomely to LOJ's profitability were now losing value at break-neck speed. Eventually we had to mark down the assets on our balance sheet.

Much of LOJ's real estate was tied to the segregated funds from which investors were withdrawing their money ... so we had to find huge amounts of cash at the same time as the real estate portfolio's value was plummeting ... and liquidity disappearing.

These events placed enormous strain on Life of Jamaica's cash resources.

We did our best to meet these obligations and used up substantial resources doing so. Real estate is a long term investment, and for practical purposes investors disappeared just when we needed to liquidate our holdings to meet redemptions.

To avoid the potential for panic that could result if LOJ deferred payments we resorted to borrowing money from the non-bank money market at high rates of interest. Our contracts allowed for a more structured redemption but we did not want to impose this option in order to avoid a panic response in the market.

In early 1994 Richard Powell the Vice President of Investments and myself had approached government through Finance Minister Omar Davis and explained to him the seriousness of what we saw on the horizon for the insurance sector. We recommended government cauterize the problem by making 2 to 3 billion dollars available to the industry for liquidity purposes. However despite our efforts nothing came of it.

I do not believe government understood the magnitude of the problem ... perhaps because we had never faced a situation like this before.

The rapid collapse in values starting in 1993 led to a mismatch in assets and liabilities. LOJ which was a solid and profitable company now faced the further consequences of holding long term assets and short term liabilities.

Money supply which had been growing at an annual rate of 47% was suddenly and abruptly cut to 12.5% in 1996 ... drying up liquidity ... and shocking the economy.

Our asset values imploded but our interest costs grew exponentially. In fact the company lost 1.053 billion dollars in 1996 and faced insolvency. As asset values fell like stones while interest and all other costs skyrocketed our prudential ratios signaled serious **trouble.**

WE REQUIRED AN INFUSION OF CAPITAL.

LOJ still had a good book of life insurance business which would recover in due course and provide substantial profits AS TIME HAS PROVEN.

In addition LOJ had substantial "employee benefits" business ... pension, group life and group health on its books which were performing in line with expectations.

We approached FINSAC for help in 1997 and they introduced capital of $1.2 billion in exchange for 26.5% of the company's shares. They also purchased from us all the shares we held in CIBC at market for 517 million dollars.

Their shareholding was increased to 76% in November 2000 in exchange for an additional $2.2 billion of capital. This had become necessary in order to restore LOJ's solvency

In May 2001 FINSAC sold its investment in the company to a consortium of Caribbean Companies led by Barbados Mutual who had already acquired the Island Life Insurance Company.

I can say with confidence that LOJ always made every effort to ensure good governance practices that were well established and followed with precision in the company.

I can also state without fear of contradiction that LOJ behaved in a most responsible manner throughout the entire episode.

Life of Jamaica was born in 1970, and grew into a strong profitable well managed company and a good corporate citizen before being overtaken by these difficulties.

It must now be obvious that when economies are allowed to overheat, and inflation runs rampant as it did in Jamaica; when money is printed that is not backed by a corresponding increase in production the result is destruction of the financial sector.

Although the real economy enjoyed little to no growth in 20 years from 1976 to 1996 the financial sector experienced exponential growth.

The financial bubble was destined to burst with devastating consequences. That happened in the 1990's and it could have been avoided. We participated ... because conditions, our type of business, and the environment dictated that we participate.

Companies and individuals who originally borrowed prudently and modestly found they could not compete with those who carried no debt ... especially in a fight for market share and economic survival. I know many people and companies did not survive and my heart goes out to them.

One can contemplate the impact of compounding and how it affected these individuals and companies. Perhaps the government never contemplated it either. For those who couldn't pay 40% interest the amount owed doubled in 2.1 years.

For those who couldn't pay 50% interest the doubling took place in 1.8 years ... less than 17 months and 60% reduces the time to 1.48 years. As reflected in the table on page 6 commercial bank lending rates ranged from 45.3% to 62.3% in the period 1992 to 1997.

Is it any wonder so many good people were devastated?

The sad fact is Jamaicans are now falling for the idea that FINSAC was the problem. When in fact FINSAC had to be formed because of monetary and fiscal excesses that brought Jamaican business to its knees.

Long before FINSAC the economy was staggering along like a punch drunk prize fighter ... the crash was inevitable because business failures were spreading like wildfire.

Entrepreneurs were throwing in the towel en masse leading to impairment of locally owned bank's balance sheets. They had to pay high rates of interest to depositors, but their customers could not repay their high interest loans. Depositors prospered while borrowers defaulted.

Before the storm clouds gathered local banks fell for Government encouragement to make loans to stimulate local enterprise, but foreign owned banks never fell for it and escaped the consequences when the hurricane unleashed its fury.

Even as big banks, insurance companies, small, and medium sized businesses, individuals and conglomerates floundered the government never seemed to make the connection between monetary and fiscal policies being pursued, and results on the ground.

You just knew that for every high profile *case* like *LOJ* thousands *of* SMALLER FISH *were* getting **fried.** Approximately twenty four thousand individuals found themselves overwhelmed by *an* avalanche *of* debt resulting *from excessive* interest *rates* kept *in place* FAR TOO LONG.

Thousands whose financial lives have been ruined remain silent because they feel a misplaced sense of shame and humiliation... but they shouldn't, and I pray they regain their sense of self worth and dignity. Jamaica needs their talent and their skills now, more than at any other time.

The crisis was being driven by powerful fundamental forces that the authorities controlled. Business will thrive in that kind of environment when cows fly like birds.

Prior to deregulation of the foreign exchange market the Jamaican dollar was substantially overvalued causing Jamaica's production to be uncompetitive in foreign markets.

The other effect was a huge boost in the importation of consumer goods leading to serious balance of payments issues.

Our exports faced strong headwinds and imports had a strong breeze at their back.

The Role of Deregulation of the FX Market and its Implementation

I was one of those who encouraged Government to deregulate the economy, and do it as quickly as possible. In hindsight deregulation at the speed recommended may have been a mistake.

A series of small steps over say 36 months would have allowed for a more orderly transition; less devaluation and inflation, with a gradual build up in Net International Reserves, and far less trauma associated with debt.

Deregulation saw the exchange rate move **from J$13.42** to J$28.10 between September 16th 1991 and April 8th 1992 ... *a* 108% devaluation *in just seven* months. *That caused the first* wave of insolvencies in the retail trade. It had consumers reeling with exploding inflation. The bullet had already left the gun and could not be recalled. There was no NIR to stop currency speculation.

The imported raw material content of Jamaica's manufactured goods doubled, along with wages; so much of the benefits they ought to have enjoyed vanished overnight.

These forces started the island floundering in a sea of confusion resulting from the shock of sudden change. Those affected most were:-

Government

Farmers

Consumers

Manufacturers

Conglomerates
Retailers in debt to overseas suppliers

Individuals planning retirement strategies

Insurance Companies

A/Banks

Poor and Unemployed persons.

Pensioners

As 2009 comes to a close we find ourselves at a bifurcation point and two possible outcomes.

As a country we can take what I will call the easy path or we can take the difficult path.

The easy path leads to another collapse of the financial system, and the hard path leads to a better and safer financial landscape for future generations.

In 1995 domestic debt was 50 billion dollars and today it's a whopping 627.4 billion dollars.

Domestic and foreign debt total a crippling one trillion one hundred and sixty five billion dollars. The potential for cataclysmic damage cannot be understated.

Inappropriate fiscal and monetary policies have been sleepwalking Jamaica in the direction of bankruptcy for a long time ... and the pigeons have come to roost.

The time has come ... Jamaica today is where the business community was in the late 1990's. It's back against the wall, overwhelmed by debt, confused and floundering; yet we are impelled to `crack the code' of economic wisdom and take action ... WITHOUT *DELAY.*

Humanity takes it's greatest strides at times of utmost difficulty ... for Jamaica this is truly such a moment and I can only hope our government does what is right.

In our time of greatest peril we can make our greatest strides. So let us pray for God's grace and guidance.

If we fail now our children and grandchildren will never forgive us. We can, and we must put our economic house in order ...

This concludes my submission, and I thank you for providing the opportunity.

HON. R. DANNY WILLIAMS, O.J., C.D., HON. LLD., J.P.