**CARIBBEAN ECONOMIC PROBLEMS**

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| **PROBLEM** | **SOLUTION** |
| Balance of Payments problem | Reduce imports  Increase exports  Increase production |
| Unemployment | Increase education and training  Invest in manufacturing, production, agriculture.  Encourage Foreign Direct Investment |
| A lack of Industrialization | Encourage foreign direct investment  Offer incentives such as low interest loans to encourage entrepreneurship. |
| Economic Dualism | Increase investment in the retarded part of the economy.  Increase education and training in the retarded part of the economy. |
| Brain Drain | Pay workers better wages inline with international standards.  Offer incentives to keep workers. |

**NOTES**

**A balance of payments problem** is where the value of imports exceed the value of exports for more than 3 years continuously

**Industrialization** - This is the creation of business in the manufacturing and production sectors.

**Economic Dualism** – This is where part of the economy a technologically advanced and another part of the economy is technologically retarded. Eg. The gas industry and the agriculture industry.

**Brain Drain** – This is where skilled, experienced and knowledgeable workers leave the country permanently.

**FOREIGN DIRECT INVESTMENT** – This is when foreign people or business invest the business or start business locally.

**Benefits of FDI**

1. Foreign currency enter the country
2. Increase employment
3. Foreigners bring their Knowledge and skills to train locals
4. Foreigners bring their technology.

**Unemployment** – refers to that part of the labour force who is qualified, experienced and want to work but no jobs are available.

Types of Unemployment

1. Seasonal – Occurs when jobs are only available part of the year eg. Tourism, or back to school time.
2. Casual – People who choose to work part time or sometimes.
3. Cyclical – This refers to demand deficient unemployment and occurs when the demand for a particular product falls workers are laid off eg. Stores in January and when back to school time is over.
4. Structural – This occurs when a business is changing is operations or downsizing it may lay off some workers.
5. Frictional – This refers to that period of time between jobs.
6. Residual – this occurs when a person only works to achieve a particular goal and then leaves the workforce.