
FOREWORD

This book is the outcome of a collaborative project between the Commonwealth Secretariat, the Government of Malta and the University of Malta. It also draws on very useful contributions by a number of business organisations, employee unions and individuals interested in competitiveness issues.

The book can be considered as a case study in promoting constructive social dialogue on an issue of major importance for small states, namely economic competitiveness. The book also provides a framework for the development of a national competitiveness strategy and a programme of follow-up mechanisms, relating to implementation, monitoring, assessment, and advocacy measures.

The main argument on which the book is based is that it is essential for Malta to further build and sustain its international competitiveness in order to achieve its long-term development aspirations. Competitiveness is a multi-faceted phenomenon, which spans economic, social, political and international dimensions, involving all the players in the economy. Competitiveness cannot, in the long run, be sustained unless all the dimensions contributing to it are properly addressed. It is however often the case that these dimensions result in conflicting priorities, especially in the short run where, for example, the attainment of social objectives may conflict with economic efficiency considerations.

The book argues that the achievement of competitiveness across all these dimensions in a sustainable manner will depend upon ten golden rules that could result in win-win situations for all economic players in the longer term. These include maintaining a stable and resilient macroeconomic environment, promoting education and investment in human capital and balancing wage levels, productivity and taxation. These are indeed major requisites for a country, no matter how large or small, to succeed in a globalised economy. The golden rules for competitiveness cover virtually all aspects of economic policy and require inputs from all social partners. They also highlight the fact that economic objectives should not be blindly pursued while incurring excessive social costs, as these are ultimately as detrimental to competitiveness as economic inefficiency.

Maximising Malta's Competitiveness Potential

The document is not just another academic exercise. It puts forward strategic measures related to competitiveness and concrete proposals for the implementation of the strategy.

Malta is set to join the EU in May 2004, where sheltering from international market forces will not be possible. The success or failure of economic activities will largely depend on competitiveness, and it is therefore of utmost importance that all sectors of the Maltese population, be they employers or employees, sellers or consumers, push in the same direction, helping Malta to become more efficient and competitive.

There is no guarantee of success in the competitiveness game, but evidence shows that a strategic approach will definitely help. This book calls for the institutionalisation of such a strategy and for the implementation of measures which effectively foster competitiveness.

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Professor Lino Briguglio (second from right) addressing participants during the inaugural session of the conference. The other panellists are (from left) Mr Michael Gillibrand, Mr Gaetan Naudi, Ms Tendai Bare and Professor Roger Ellul-Micallef.