IMPROVING THE LIVES OF THE JAMAICAN PEOPLE

Creating a Digital Economy with the People's National Party

By Dr Wes Morris

African Century Journal

June 2019

Our party, as government, will monitor for accountability every dollar spent on education as we move Jamaica towards becoming a participant in the global knowledge based economy. Knowledge exploitation and the use of technology are key to development.

- PNP manifesto, 2016¹

In order to understand the perilous situation Jamaica finds itself in, the opportunities that arise, and what needs to be done to improve the conditions of the Jamaican people one needs to appreciate something of Jamaica's history in slavery. Attorney at Law, Bert Samuels, sums it up as follows:

They say slavery is long gone. Not so. We live and witness the remnants of its devastating toll on our people. Our mental and physical health, our persistent poverty, our massive international indebtedness, and high level of illiteracy and crime, are only a few components of the legacy of slavery. (Samuels)²

In the same article Samuels writes the following: "The wrongs of the past remain unaddressed and we should all join this movement for restorative justice for the descendants of those who suffered under the worst example of man's cruelty to man, the transatlantic slave trade."

Professor Sir Hilary Beckles is clear about how this movement should be conducted

The integrity of our request is rooted in an obvious truth that our struggle for reparatory justice for the crimes of removal, genocide, chattel slavery, segregation and apartheid is a global struggle which we must litigate and negotiate as one.

¹ Manifesto https://issuu.com/thepeoplesnationalparty/docs/pnp manifesto 2016

² Samuels

What is the current condition of the Jamaican economy (Wiki 1) ³?

Jamaica derives most of its foreign exchange from tourism, remittances (Romacan)⁴, and bauxite/alumina. Earnings from remittances (Hyman, 2019)⁵ and tourism (Bartlett)⁶ each account for 16% and 9% of GDP, while bauxite/alumina exports have declined to less than 5% of GDP (Bullock).⁷

Jamaica has many challenges.

These include but are not limited to the following:

- Weak GDP growth. Over the past 30 years Jamaica has suffered from low growth and high debt (The World Bank). During calendar year 2018 Jamaican economy expanded by 1.4%, while the annualized average growth for the previous five years leading up to 2018 was just 0.9 per cent (JMMB).
- Jamaica's high debt to GDP ratio is said to be a major impediment to growth, and the current IMF Stand-By Agreement requires Jamaica to produce an annual primary surplus of 7%, to reduce its debt burden below 60% by 2025. The IMF agreement is mute on the measures to be taken to grow the economy so as to alleviate the suffering that most Jamaicans will experience while these austerity measures are being used to improve debt-to GDP ratio.
- High levels of crime especially among the 17-25-year-old group. Over 70 percent of the crimes are committed by persons under the age of 30, and that age group comprises 70 per cent of the victims. The World Bank (World Bank 2) reports that in Jamaica "Crime and violence levels remain high, emphasizing the need to address the issues of youth unemployment, education, and social cohesion."
- "Seventy-five per cent of graduates of The University of the West Indies earn less than \$100,000 per month. That's above minimum wage, for sure, but after the

 $\frac{http://jamaica-gleaner.com/article/focus/20190505/edmund-bartlett-reimagining-tourism-through-human-capital-development$

⁹ JMMB

https://www.jmmb.com/sites/default/files/Jamaica/Annual%20Reports/JMMB%202019%20Annual%20Rerport.pd f

³ Wiki 1 https://en.wikipedia.org/wiki/Economy of Jamaica

⁴ Romacan http://boj.org.jm/researchconf/papers/Ramocan Remittances to Jamaica small.pdf

⁵ Hyman http://jamaica-gleaner.com/article/news/20190423/growth-jobs-remittances-improve-financial-literacy

⁶ Bartlett

⁷ Bullock http://jamaica-gleaner.com/article/news/20160913/industrial-composition-economic-growth

⁸The World Bank https://www.worldbank.org/en/country/jamaica/overview

¹⁰World Bank 2 https://www.worldbank.org/en/country/jamaica/overview

- significant investments that they and their families have made in their education, the prospects for starting life are just rough."(Duncan-Price)¹¹
- Like most countries Jamaica is adversely affected by fluctuations in the business cycles in ways that Ray Dalio has shown in his book, The Debt Cycle, are not inevitable. (Dalio)¹²

The Jamaican economy is in a poor condition and cannot cater to the wellbeing of those living in Jamaica, which leads to all manner of social ills. It is therefore in need of renewal to bring it up to the level that would enable it to participate fully in the global economy and provide for our people. This is well recognized which is why the vision2030 (Vision2030)¹³ was crafted. We may also add that being in possession of the latest technology will be key to the future survival of our people (Ladimeji).¹⁴

The World Bank agrees when it states the following: "Stronger and more resilient economic growth is needed to eliminate poverty and boost shared prosperity. Crime and violence levels remain high, emphasizing the need to address the issues of youth unemployment, education, and social cohesion." (The World Bank 2)¹⁵

Even though the present Jamaican Labour Party government committed itself to growing the Jamaican economy by 5% per annum over four years and have enrolled the Economic Growth Council in this endeavor, the past 3 years of the administration has not seen anything approaching that target growth rate. (Lee-Chin)¹⁶ We can only conclude that it does not have the policies to produce such growth and no idea of how to produce fundamental change for the Jamaican people.

Despite what was written in the PNP's Manifesto of 2016, quoted above, the present leadership of the PNP seems no better qualified to fulfill the dream of most Jamaica for a better Jamaica, one where we can live, work, raise families, do business and retire. The present vision of the leadership doesn't address the needs of the people since most people don't feel connected to the vision.(Housen)¹⁷

https://african-century.org/wp-content/uploads/2017/03/What_is_to_be_done_about_the_dawn_of_the-1.pdf

https://www.jamaicaobserver.com/latestnews/EGC_highlights_outstanding_economic_performance_over_last_3 years

 $\frac{http://www.jamaicaobserver.com/editorial/the-pnp-did-not-do-well-in-portland-eastern-changes-must-be-made_166247?profile=1013$

¹¹ Duncan-Price http://www.jamaicaobserver.com/opinion/-trickle-down-disquised-as-bubble-up- 160286?profile=1096

¹²Dalio https://www.principles.com/big-debt-crises/

¹³ Vision2030 http://www.vision2030.gov.jm/Overview/Guiding-Principles

¹⁴ Ladimeii

¹⁵ World Bank 3 http://www.worldbank.org/en/country/jamaica/overview

¹⁶ Lee-Chin

¹⁷ Housen

Writing after the recent By-Election in East Portland, Economist Mark Ricketts puts it succinctly,

"Until Peter Phillips, the People's National Party (PNP), and Damion Crawford accept that their losses are due to too many mistakes by a leader with unfavourable rating, as well as their continued belief in yesterday's message that has little relevance today, the party will only bumble from one loss to another." (Rickets)¹⁸

In the same article Ricketts went on to say the following:

"The PNP's message is unexciting with limited motivation. Whether Phillips stays or goes, if the mistakes he makes are not eliminated and he really isn't up to the task of articulating a new direction in economic and political thought, and there is no other leadership talent in the party to fill the breach, then the PNP is in big trouble.

That would be unfortunate, as the Andrew Holness-led administration has a penchant for waste, corruption, scandals, cronyism, nepotism, and need guardrails, such as a strong Opposition and vibrant parliamentary committees to keep it on the straight and narrow."

The PNP also needs a bold and transformational leadership (of the caliber of Michael Manley or Lee Kuan Yew, who guided the transformation of Singapore) engaged in creating solutions for the Jamaican people. The People's National Party needs a coherent message to bring the country into the 21st Century and at the same time to hold its leaders to the highest level of integrity.

The three great issues facing Jamaica on a perennial basis are unemployment/under employment, lack of foreign exchange earnings and a spiraling crime rate, which negatively affects Jamaica's GDP. The economic renewal of Jamaica will involve us in providing high value services in demand by global players. This will connect us directly with global manufacturing/ production/ services and is an important way to address the negative issue of producing low value items like bauxite and agricultural products which are declining in value in relative terms and using the revenue to purchase high value manufactured goods. With the People's National Party focus on the Digital Economy we can solve our foreign exchange problems, boost employment particularly youth employment (for every extremely high skilled professional employee there is a requirement for several inexpensive assistants), eliminate our crime problem as well as create a modern economy linked to other developed economies of the world. This is a way to help us achieve Vision 2030 and keep us permanently linked to developments in the outside world, requiring us to have our technological

..

¹⁸ Ricketts

skills constantly upgraded by the market and giving foreign partners the incentive to assist us in this process as we will become part of their value chain.

Digital economies are based on digital computing technologies. They are also sometimes called, the New Economy, the Internet Economy, or Web Economy. Often there is no clear separation between a digital economy and a traditional economy since most traditional economies use computing technologies to some extent.

There are three main components of the 'Digital Economy' concept:

- e-business infrastructure (hardware, software, telecom, networks, human capital, etc.),
- · e-business (how business is conducted, any process that an organization conducts over computer-mediated networks),
- e-commerce (transfer of goods, for example when a book is sold online).

The digitization of our economy is one of the most critical issues of our time and is the basis of creating a modern economy. Digital technologies are rapidly transforming both business practices and societies, and they are integral to the innovation-driven economies of the future. Jamaica must make the digitization of our economy a priority since it is already being left behind as the rest of the world moves on.(Ladimeji)¹⁹ The result of this will be for the Jamaican economy to become less and less relevant to the world economy and for the conditions of life for the Jamaican people to continue to deteriorate. No one wants that.

The development of a digital economy in Jamaica will facilitate the growth of a knowledge-based economy and a harmonious and happier society where Jamaican's live with a greater degree of hope and much less despair. To reduce crime, the People's National Party need to become the Party of Hope and put Hope into the hearts of our citizens, at home and in the Diaspora.

The four pillars on which the Knowledge Economy rests are as follows:

- 1. Economic Incentive and Institutional Regime (EIR)
- 2. Innovation and Technological Adoption
- 3. Education and Training
- 4. Information and Communications Technologies (ICT) Infrastructure

These pillars can be used to determine the Knowledge Economy Index (KEI) of a country or region and indicates the overall preparedness to compete in the Knowledge Economy (KE). Jamaica has a Knowledge Economy Index of 5.65 and is ranked 58 out of 147 countries whose KEI was

-

¹⁹ Ladimeji ibid

measured recently. Jamaica's Knowledge Economy index compares favourably with those of China and some Caribbean countries (Dominica, Guyana and Haiti).(Knoema)²⁰

It has been argued by Hadzimustafa (Hadzimustafa)²¹ that

"Knowledge has become the major driving force of economic and social development all around the world. Coupled with globalization and accelerated by rapid distribution and transfer of knowledge by information and telecommunication technologies, this development impacts all countries and regions, public institutions, the corporate world, and the lives and prospects of individuals."

"Higher levels of knowledge in a society tend to lead to higher levels of economic growth – and consequently to higher levels of economic development"

Knowledge in the Knowledge Economy is "knowing how" not "knowing that." It is of vital importance that Jamaicans don't confuse "Knowledge Economy" with book knowledge, as even some political leaders who should know better do. Many of us who didn't do well academically in school may feel left out when they hear the term. It is important to note that the Knowledge Economy is inclusive. The "knowing how" is subject to training and the only requirement is a willingness to learn "how" ...how to build websites, how to process documents, how to review forms. A PhD is not required, not even to graduate from the prestigious high schools of Jamaica!!!!!! Foreign companies are willing to provide the training in "knowing how" specific to their businesses.

It is very possible for people to be misled by words. Economist call it "Knowledge Economy" to distinguish it from farm produce, mining etc. All that is required in a knowledge economy is "knowing how" but schools are focused on "knowing that". Knowledge Economy is not just about schools since unemployed youth and those who have not done well in the education system can get on the ladder by becoming Call Centre staff for example who don't require much formal school education as long as they can follow specific rules i.e. knowing how. The Knowledge Economy is not just about outsourcing as such and really more to do with global companies being willing to pay to train support staff, compensate them and keep their knowledge relevant to developments in the global market. Once on the ladder staff and companies can move up the ladder/value chain.

A recent report (Fogung)²² tells us that there is a new scramble for Africa, where high tech companies such as Google, Microsoft and IBM are opening engineering offices in Nigeria, Ghana

 $\frac{https://knoema.com/atlas/Jamaica/topics/World-Rankings/World-Rankings/Knowledge-economy-index}{}$

https://iournal.cea.org.mk/index.php/ceaiournal/article/download/84/81

 $\underline{https://face2 facea frica.com/article/after-ibm-and-google-microsoft-to-open-new-engineering-office-innigeria}$

²⁰ Knoema

²¹ Hadzimustafa

²² Fofung

and Kenya. With no stretch of the imagination can the people employed be described as "support staff". They are providing essential, frontline work to cutting-edge global companies. We'll do all we can to apply this model to Jamaica and develop highly skilled tech personal to work for global companies. This will be crucial for the economic renewal of Jamaica.

It is vitally important to understand the Knowledge Economy is for everyone since thinking it is only for the "educated" among us will wrongly alienate the many who are not educated in the traditional way. It is also important to understand that as the economy expands with the Knowledge Economy other jobs will be created in the local economy. There is something in it for everyone, so no one needs to feel alienated or disenfranchised.

Of relevance also is that Minister Thwaites in his broadcast to the nation on Wednesday February 17th, 2016 said that a PNP led government after February 25th, 2016 will put equal emphasis on education and training since both are important in the Knowledge Based Economy. Both are important if all our people are to feel that their contribution is valued.

Our commitment to build a Knowledge Based Economy is likely to set in train several things:

- · Attract people in Jamaica and abroad with skills willing to help.
- · Attract foreign investors seeking to get in early.
- · Motivate citizens to come up with businesses and investments to take advantage of the forthcoming opportunity.

As noted by the World Bank²³:

"Many developing countries can draw on large communities of expatriates, which often include significant numbers of educated people, some of whom have enjoyed very successful careers in developed countries. Expatriates can be a source of expertise, markets, and even venture capital for local entrepreneurs. Sometimes they can be induced to return to their country of origin to help develop new industries. And they can help in the structuring of efficient KE policies and programs."

- World Bank Institute, 2007

Already China is running out of labour which is why it has reversed its one child per couple policy. So, for Jamaica to become an alternative source of labour will be welcomed by many companies desperate to avoid sharp spikes in costs as demand outstrips India's and China's ability to supply the right kind of labour. The PNP's strategy to create a Knowledge Based Economy in Jamaica will involve partnering with our traditional trading partners the USA, the UK and Canada but also with

 $\frac{https://openknowledge.worldbank.org/bitstream/handle/10986/6853/411720PAPER0Kn101OFFICIAL0USE0ONLY1.pdf?sequence=1\&isAllowed=y$

²³ World Bank

Chinese and Indian global companies to provide outsourced knowledge workers. It is also likely that EU companies will join others, not wanting to be left out.

The creativity of Jamaican people are our main existing assets so developing them and setting them in the right direction will bring dividends. We have the creativity and competitiveness as the world of music and sports clearly demonstrate. We also have Jamaicans that have excelled in every area of human endeavor like science research, economics, poetry and law.

The World Bank emphasizes that economies of the future will be Knowledge Based Economies:

"Policy makers must think in KE terms. The ascent of China and India has considerable implications for the international division of labor, as these two increasingly competitive powers neutralize or appropriate comparative advantages once held by other states. KE-oriented strategies and reforms that steer states into suitable niches can create jobs for youths entering labor markets and help society cope better with complex problems, such as clogged cities and environmental damage, which require knowledge and innovation to solve." (The World Bank)²⁴

The writing is on the wall. This is the time for us to get on the train so that we are not by-passed by history. The PNP led Government will create a KBE in Jamaica so as to become relevant in the modern world where knowledge exploitation and the use of technology are key to development. This will give hope to all Jamaicans that we can reduce unemployment, and crime and improve services and the infrastructure. A knowledge-based economy in Jamaica will encourage Jamaicans in the diaspora to be proud to return and contribute, and enable young people growing up here to now see an exciting future ahead.

There is an important role for a PNP led government to play in providing an enabling environment for the Knowledge Economy to thrive. It can focus on

- a) Digital economy and support for new enterprises via infrastructure i.e. creating incubators and special tax write-offs for investors in new enterprises,
- b) a new office of exports to promote export of SERVICES...
- c) new digital education using blended learning will bring state of the art education for all at less cost than at present (e.g. UNICEF Syrian Curriculum Certification Initiative)²⁵.
- d) increased export of services will allow for investment in better healthcare with better digital

https://openknowledge.worldbank.org/bitstream/handle/10986/6853/411720PAPER0Kn101OFFI CIALOUSE0ONLY1.pdf?sequence=1&isAllowed=y Building Knowledge Economies: Advanced Strategies for Development. (Page 167)

http://www.oosci-mena.org/uploads/1/wysiwyg/150527_CAC_for_Syrian_children_report_final.pdf

²⁴ (World Bank Institute)

²⁵ UNICEF

infrastructure which will allow better healthcare at lower cost. Many countries have incumbent structures preventing them adopting latest technologies because of the implications of redundancy but Jamaica's weakness in not having a developed structure can become an asset.

And there is a role for all Jamaicans to play in the economic renewal of Jamaica through the creation of a Knowledge-Based economy.

You -Teachers/trainers will have to instill in your charges the need for lifelong learning and training since even if people stay in one function all their working lives, they will have to keep learning to stay relevant and they may change functions several times. Your continued employability in the future will be a factor of your continuous development – this is so for students and teachers!

You – mothers, parents, guardians must teach your children that they should not look at Jamaica today and say what sort of job of today would they like (or nuthin nah gwan) but they should imagine the new Jamaica and prepare themselves to participate fully in this new Jamaica ... that should be our children's dreams.

You- well educated and highly trained professionals – we need you to identify in your areas of specialism how we can adapt to it to the New Digital Jamaica. Lawyers – let us know what we can do to change legislation to encourage digital enterprise and collaboration across countries and with large international companies and how to protect the amazing new ideas that will come from our creatives.

You creatives- we need your new ideas and your trailblazing- get to it!

Our highly intelligent citizens always take pride in providing first class work, but you must know that you are part of a team that functions less well and may take much, much longer to achieve our goals if you do not work well with your less gifted brothers and sisters. You must also know that others are not out to sabotage your efforts and continue to put in the effort even when times get tough.

There are those of you like my go-to man to fix my mobile phone, fridge, computer, fan etc who did not always do well at school. We need you too. The new Jamaica requires people who can learn 'how' and who are willing to engage and help the teams to progress. The old world of unskilled labour (like cutting sugar cane or serving guests in hotels) required some effort but no engagement. The world of knowledge economy requires that we all be engaged.

You critics among us —who can always see the failings of any proposal - we need your insights in identifying areas of weakness in our policy but above all we need your suggestions as to how to improve our policies and how we can together achieve our goals to transform Jamaica and create a Knowledge Based Economy in even better ways. I have experienced concerns and doubts about our future like I suspect many of you have over the years. But when I look in the eyes of our young people, I know we can do this. There are and will be many challenges ahead on the road to the Knowledge Based Economy and if any of you can see specific obstacles and challenges ahead let us know but above all help us find ways to overcome or at least mitigate these issues.

What is our alternative? We can ignore the developments changing the world, we can ignore opportunities to get on the train of global transformation, we can ignore all the warnings and remain an underperforming island by passed by history where our best and brightest leave as soon as they can, not to enhance their skills and return, but to escape permanently from an island that time forgot. As we fall behind our income will fall, crime will rise, social support will fail ...I think we all know where this goes. I don't believe any of us want that to be the future of Jamaica. So I invite you to join us on the journey to a new Jamaica, a Digital Jamaica.

To paraphrase a former USA president, ask not what Jamaica can do for you, ask what you can do to bring about the economic revival of Jamaica. Jamaica needs you, all of you, if we are going to transform this land we love and achieve our Vision 2030. We Jamaicans can transform our economy by building a Knowledge Based Economy and create a place to live, work, do business, play, raise families and retire. We can do it with a new energized and engaged leadership of the People's National Party, a leadership with a vision and responsive to the needs of the people and the future of Jamaica. If nothing is done the PNP could be out of power for a considerable time to come. That could be a catastrophe for Jamaica.

What more can our government do?

In an article (Clarke)²⁶ with the title "Designing an Economy for Growth" Claude Clarke, Businessman and former PNP Minister on Industry had this to say on why the Dominican Republic's economy was outperforming the Jamaican economy,

In just over 30 years, Punta Cana, a small area in the eastern corner of the DR, with a population of under 100,000, has seen the development of more than 35,000 mostly luxury hotel rooms, modern infrastructure and the third-busiest international airport in Central America and the Caribbean, all financed with private domestic and foreign capital. The DR now has more than 70,000 hotel rooms, two and a half times as many as Jamaica.

While Jamaica's stopover tourist arrivals have quadrupled since 1990, the DR has seen a sixteen fold increase. Yet, it did not have its own airline and its government did not focus its attention on building monuments to tourism like the Montego Bay Convention Centre. Instead, the DR concentrated its efforts on designing economic policies, tax incentives and institutional support mechanisms to spur private foreign and domestic investments in the development of the industry (Clarke).²⁷

What is most interesting about the rapid development of the DR's tourist industry is that, unlike Jamaica, it did not sideline its goods-producing sector in favour of services. Manufacturing growth in the DR has been as impressive as growth in its tourism. This was

²⁶ Clarke http://jamaica-gleaner.com/gleaner/20130414/cleisure/cleisure2.html

²⁷ Clarke ibid

substantially spurred by the establishment of more than 50 free zones scattered across the country, ensuring geographically even development and participation by both local and foreign businesses.

Clarke summarized the changes needed to grow the economy as follows:

Changes must include sensible tax reforms to incentivise investments in the production of goods and export services; measures to reduce costs in the economy; and a workable plan to aggressively reduce the cost and increase the efficiency of Government.

In a section of his booklet Change Without Chaos: A case for the Transformation of Jamaica's Constitutional Framework, Rev. Stanley Redwood²⁸ observed:

The People's Republic of China has maintained the fastest-growing economy in the world for the past decade. China continues to record impressive growth, and it did so even within the context of the worst global recession for our lifetime. China's record growth has not just resulted from their population size or the renowned enterprise and frugality of the Chinese people. Their impressive economic growth has emanated from a deliberate policy framework for growth and it is principally a creature of their compressive constitutional reform efforts, which began in earnest in 1982.(Redwood) -p54

Chinese funding as part of the global Belt and Road Initiative (BRI) has already been used to do major infrastructural development in Jamaica. Between 2005 and 2018 this founding has amounted to US\$2.1 billion. The Belt and Road initiative[xvi] (BRI)²⁹ state that

China is willing to combine the experience and foundations of its own development with the development will and comparative strengths of all countries, and use the Belt and Road as an important opportunity and a cooperation platform to promote economic policy coordination among various countries, improve connectivity, foster bilateral and multilateral cooperation with a broader scope and at a higher and deeper level, and build a new cooperation framework that is open, inclusive, balanced and mutually beneficial. The Belt and Road Initiative, characterized by equality and inclusiveness, and grounded in realism, manifests the common interests of countries along the routes, including China, and is a new future-oriented consensus for international cooperation. It showcases a positive vision that the Chinese Dream is interconnected with the world dream and all countries work together to build a human community of shared destiny.

Many countries are participating in this global project. The 2017 report states that

-

²⁸ Redwood Change Without Chaos: A case for the Transformation of Jamaica's Constitutional Framework, Stanley Redwood, March 2015.

²⁹ Building the Belt and Road: Concept, Practice and China's Contribution Office of the Leading Group for the Belt and Road Initiative, May 2017

As of the end of 2016, more than 100 countries have expressed their support and willingness to participate in the initiative. China has signed 46 cooperation agreements with 39 countries and international organizations, covering a broad range of fields that include connectivity, production capacity, investment, economy and trade, finance, science and technology, society, humanities, quality of life, and marine issues.

Jamaica signed on to the Chinese Belt and Road Initiative (BRI) on April 11, 2019 (BRI)³⁰, joining "several other countries in the region including Barbados, Venezuela, Costa Rica, Panama, Trinidad and Tobago, Dominica, Guyana, the Dominican Republic and others — who have already done so." The USA, one of our main traditional trading partners, is expressing concern about this, so it is important to reassure them that our main interest is to lift the standard of living and purchasing power of the population of Jamaica. This will be of benefit to all who have goods and services to sell.

The full modernization of the Jamaican economy to create a digital economy that serves the people is possible. What is required by our leaders to make it happen is the vision and the will.

³⁰ BRI

 $http://www.jamaicaobserver.com/sunday-finance/as-jamaica-signs-onto-china-s-belt-and-road-initiative-the-us-congress-takes-a-closer-look_162704$