



*Presentation at the*  
SALISES/PIOJ/Department of Economics Seminar  
Jamaica's Growth Inducement Strategy  
A Critical Analysis

“Unshackling The Deadweight Of History:  
Resolving Resigned Preferences, Rational  
Myopia And Structural Imbalances In The  
Jamaican Economy”

by  
Gladstone Hutchinson, PhD  
Director General  
Planning Institute of Jamaica

September 29, 2011  
Mona Visitors' Lodge & Conference Centre  
University of the West Indies, Mona, Kingston

## **Introduction**

Thank you for this opportunity to discuss the collective views of my colleagues at the PIOJ on our country's development challenges. The importance and timeliness of this forum needs no articulation. My commendations to the SALISES and Department of Economics at the University for organizing this seminar. I trust my discussion will advance the cause with which this occasion is seized with addressing.

As should be clear to all of us— and recent and ongoing world events only serve to confirm— to dynamically and meaningfully grow a developing economy through a reduction in Government's fiscal intervention, is a generally difficult and tricky business. Add to our situation in Jamaica the layers of complications brought on by a dysfunctional world economy, our own internal systemic perverse incentives and public policy, and the misalignment and mismanagement of economic resources for the majority of years since independence, and we are left with the narrowest and messiest of paths to success.

Yet this is the challenge our generation cannot retreat from, and frankly, my colleagues and I at the PIOJ start and end each day with the belief that the necessary transformation of our economy and environment is doable.

At the PIOJ we have moved over the past several years into a phase of closer interaction and dialogue with the non-state sector, including academia, NGOs, civil society and community organizations, so that our modeling, social planning and bottom-up, organic and sustainable development approaches can be enriched, and practicable.

I am struck by the fact that today is one year to the day that the PIOJ made a presentation to the Chairman's Club of the Private Sector Organization of Jamaica, which (a) outlined a challenge to the existing Stand-By Arrangement with the International Monetary Fund (b) presented the outlines of the policy response required to "move from the IMF programme to private-sector led growth within the context of Vision 2030 Jamaica" and (c) sowed the seed for the PIOJ's mandate to develop a growth-inducement strategy for the short- to medium- term. Today we are

engaging in an important public scholarship debate about the growth strategy. Coincidence or irony?

We have worked assiduously within the public scholarship paradigm— collaborative knowledge-making with, for, and about our publics and communities and civil society— to develop an inclusive *Growth Inducement Strategy* for the recovery, modernization and broad-based/ inclusive growth of the economy in the short and medium term, and through the just developed *Community Renewal Programme (CRP)*, for the holistic empowerment, economic development and broadening of freedoms of our residents in volatile and vulnerable communities.

The main goal of the short- to medium-term Growth Inducement Strategy (GIS) is the important task of (a) reversing our economic downturn and creating a platform for meaningful and sustained economic and well-being progress that is dynamic, broad-based, inclusive, and equitable, and (b) to do so in a manner that is consistent with, and furthers the conciliant aspirational goals of Jamaicans expressed in our first longitudinal development plan *Vision 2030 Jamaica*.

Similarly, the *CRP* has been conceptualized on the premise that security, justice and community economic well-being are pre-requisites for the sustainable development of Jamaica's communities and for the country as a whole. Further, all citizens regardless of socio-economic background must be free to make their own choices, take responsibility for their own actions and be afforded equal opportunities for self-development to make a meaningful contribution to nation building.

Hence, the goal of the *CRP* is to empower residents to achieve their fullest potential and contribute to the attainment of a secure, cohesive and just Jamaican society as outlined in Goals 1 and 2 of *Vision 2030 Jamaica*.

### **Broad-based Growth and Development**

But first let me engage in a foundational discussion on broad-based growth and development as a platform for Jamaica's future. Broad-based growth speaks to a shift of emphasis from a

“production-oriented” measurement system to one that focuses on broader measures of social progress. In its essence it recognizes the difference between means to development and well-being, and their achievement as the end goal. It acknowledges the limitations of GDP as an indicator of economic performance and social progress, and reflects the spirit of a new body of work being championed by Nobel Laureates Joseph Stiglitz and Amartya Sen; and French President Nicolas Sarkozy, on which Jamaica aims at being a leader in development and application. *Vision 2030 Jamaica* gives us the perfect framework for building a matrix and metrics that measure our progress in the areas of broad-based development and well-being. So too is the Jamaica Survey of Living Conditions (JSLC) which is increasingly being recognized as a best practice globally in capturing information on the quality of life of Jamaicans in the areas of Demography, Household Consumption, Health, Education, Housing and Social Protection.

One elaboration of this matrix of well-being indicators is the “dashboard of indicators” produced by the PIOJ to track progress on *Vision 2030 Jamaica* targets. The dashboard for 2009 and 2010 is reproduced here for your perusal.

## *Vision 2030 Jamaica*

*Vision 2030 Jamaica-National Development Plan* is a product of comprehensive national discussions with stakeholders across political, religious, business, government, non-government and civil society divide, and it conciliates our aspirations as a nation around four realistic national goals that integrate economic, social, cultural and environmental dimensions. These goals, which we recognize as being the end goals to national development, are:

- to empower Jamaicans to achieve their fullest potential;
- to make the Jamaican society secure, cohesive and just;
- to make the Jamaican economy prosperous;
- to make the Jamaican natural environment healthy.

## **Foundational Framework of Paradigm**

I start with *Vision 2030 Jamaica* because it sets the guiding principles and framework for the *Growth Inducement Strategy* and the *Community Renewal Programme*.

In my lecture today I will make the case that *Vision 2030 Jamaica, the Growth Inducement Strategy, and the Community Renewal Programme* are functional articulations of the instrumental freedoms framed by Nobel Laureate Amartya Sen that interact to shape the development process and contribute to an individual's capabilities to lead a valued life. According to Sen these freedoms are:

- **political freedoms**

which encompass the opportunities people have to decide who governs and on what principles, and their ability to scrutinize authorities, exercise freedom of political expression and enjoy proper voting rights. Political freedom empowers the poor and disenfranchised, and is weakened by political violence, political patronage, lack of access to information and illiteracy.

- **economic facilities**

which are defined as opportunities people have to deploy economic resources for consumption, production, and exchange. This freedom is directly related to people's access to scarce resources.

- **social opportunities**

which pertain to the arrangements a society makes for the education and health care of its citizens. Such arrangements have a fundamental impact on the citizens' substantive freedom to live better lives.

- **transparency guarantees**

which concern the freedom with which individuals can deal with one another, the public sector or the government with guarantees of disclosure and lucidity and the knowledge that they are operating on the basis of trust.

- **protective security**

which refers to the provision of a social safety net to guard against vulnerable segments of the populations succumbing to abject misery, starvation and even death.

Importantly, these freedoms are consistent with the kind of institutional arrangements and environment identified by Nobel Laureate Douglas North as critical to a country's prospects for organic, broad-based and sustainable growth, development and freedoms.

According to North, an environment which provides perverse incentives or rewards the diversion of resources from productive uses will influence the behaviour of both the public sector and private sector and result in outcomes that are sub-optimal for the economy and society. In essence, therefore, development and growth are organic and sustainable when individuals, in maximizing their private interest, do so in a manner that enhances the societal interest, and underdevelopment occurs when the rational pursuit of individual interest compromises societal goals. Rent-seeking, corruption, and systemic criminality are examples of this anti-development behavior, and are all violations of Sen's instrumental freedoms.

I offer that such non-productive behaviours are too systemic in Jamaica, and are an important deadweight and constraint to growth, development and the expansion of all of our freedoms.

Furthermore, I will offer the argument that the achievement of the instrumental freedoms described by Sen, and the environment and institutional arrangements that enable their pursuit and realization, as framed by North, are public goods that require their collective production, and constitute the public capital of government, as opposed to private capital of the private sector and social capital of civil society.

### **Growth Inducement Strategy**

In the Growth-Inducement Strategy we have stressed the need for the Government to return to doing its core function effectively and efficiently. The government has its role in producing and distributing the “public goods” of a sound macro-economy, sound public finances, adequate economic infrastructure, an enabled and enabling business environment and the public capital of transparency guarantees.

However, this will be insufficient to drive organically sustained growth unless the private sector and private investment respond positively to the new opportunities opened up by the achievements of these public sector goals.

To encourage and further this possibility of the crowding in of the private economy, it was also important for the growth-inducement strategy to be consistent with and complement previous reform measures implemented during 2009–2010, aimed at fundamentally improving the quality of fiscal governance and solidifying “transparency guarantees” that were aimed at achieving a greater level of certainty and credibility in fiscal management. These included:

- the enactment and implementation of the Fiscal Responsibility Framework (FRF);
- the phased implementation of a Central Treasury Management System (CTMS);
- the strengthening of public financial management with the phased roll-out of a Medium-term Expenditure Framework (MTEF), which is now being implemented in **six** prioritized ministries which account for a significant share of public capital expenditures;

- divestment of loss-making public sector entities.

## **Green Shoots**

As I speak, we are pleased to see signs of **green shoots** of traction and success as just reward for the hard work of all Jamaicans with positive GDP economic growth rates of 1.4 and 1.5 per cent for the January to March and April to June quarters of this year, after 13 consecutive quarters of negative growth, despite an increasingly hostile global economic environment.

## **GIS CONCEPTUAL FOUNDATION**

Let me now turn more narrowly to the case I will present today. My presentation today is titled **“Unshackling the Deadweight of History: Resolving Resigned Preferences, Rational Myopia and Structural Imbalances in the Jamaican Economy”**. This theme was not chosen lightly.

In developing a “Growth-Inducement Strategy for Jamaica in the Short- Medium Term” the central problem to be confronted, conceptually and strategically, is the supposed paradox of a high investment rate (as a % of GDP) and low growth, which has characterized Jamaica’s economic performance since the “golden age” of the 1960s.

The analytical and strategic foundation of the growth strategy rests fundamentally on the notion that this apparent “low growth-high investment puzzle” reflects the “deadweight of history”, which is manifested in a number of dysfunctional pathologies and systemic constraints.

Let me first flesh out this foundational framework before turning to an articulation of the specific strategic approach aimed at “unshackling these deadweights”.

I and the PIOJ argue specifically, that Jamaica is burdened by the “deadweight of history” manifested in:

- (a) long-standing systemic structural constraints;

(b) persistent deficiencies in fiscal governance, which contributed to

(c) resigned preferences and rational myopia on the part of economic agents. It is the mutual interaction of these factors that lie at the heart of Jamaica's growth problematic.

### **Thesis of Lecture**

Let me be clear on the thesis of my lecture, I hold successive governments absolutely guilty for this sordid state of affair, and I hold whoever sits in government, including myself and my colleagues at the PIOJ now, as absolutely responsible for its redress. Frankly, the first order of government should be to establish transparency guarantees about the nature and boundary of its responsibilities to meeting its core functions— ensuring optimal production of collective goods— and partnership with the private sector, social sector and civil society. This is the public capital of government, and non-transparency and/or uncertainty about the role of government serve only to mobilize society's productive resources into rent-seeking and corruption for their higher economic returns.

This, in a nutshell, is my interpretation of the main constraints to growth and development in Jamaica over the last 30 years, and I intend to use the rest of my presentation to establish this thesis conceptually and empirically.

### **Structural Constraints**

The structural constraints are the most straightforward aspect of the problem. For a variety of well documented reasons, Jamaica has long suffered from economic underperformance and low economic growth (less than 1 per cent per annum for the past 30 years). This has bred crime, insecurity, corruption, and the emigration of many skilled and productive citizens in search of better professional and personal lives. With pressures from an underperforming economy, successive governments sought to stabilize and/or grow the economy and maintain some semblance of a working social infrastructure through borrowing in the capital market to supplement the country's small and inadequate tax base and low tax compliance.

This in turn led to large and continuous public sector borrowing, and the need to refinance and service its increasingly large public debt, which have contributed to costly high interest rates, put pressure on the exchange rate, and raised the cost of capital, and simultaneously crowded out private sector real sector investments while rewarding their investment in the perversity of financing government disfunctionality. The result was the classic and well documented “debt overhang” problem.

### **Debt Overhang Problem**

If we adopt the “debt overhang” problem as a caricature of the problem of fiscal governance then this dimension of the growth problematic is, again, well understood and documented. It is the mirror image of a chronic state of fiscal imbalance, consisting of persistent deficits in the financing of general government expenditure, for example. In the period since 1996/97 – onset of the financial crisis of the mid-1990s in Jamaica – the fiscal deficit has averaged around 5 per cent of GDP and the associated public debt has averaged 110 per cent of GDP of GDP during that period. This “debt problem” has exercised a substantial influence on the investment process in Jamaica (Harris, 2011, p. 7):

- From the standpoint of national saving, the public sector deficit constitutes a leakage from the pool of saving that is potentially available for private investment, and where such private investment has been encouraged, it has served to also draw private domestic saving into financing low risk government paper and away from investment in production. Private investment is “crowded out” of capital markets and made to pay a higher cost to access capital.
- Total debt service has come to dominate government expenditure, reducing sharply the room for financing public investment and the provision of public services (infrastructure, education, security, health, etc.) that provide positive externalities in the form of expanding people’s capacities for development and freedoms, and in complementing private sector investment.

- The deterioration in the supply and quality of public services also raises the “tax price” of government services and serves to undermine the implicit social contract between a government and its citizens.
- Government failures of commission and failures of omission.
- Government deferred financing, inflation taxing and other forms of fiscal illusion.
- Perverse incentives that mobilized private entrepreneurship to rent-seek from the state and engage in corruption and tax evasion.

All these consequences are stylized and well known. However, there are other pernicious effects of the debt overhang which are not stressed often enough in Jamaica, namely, the effects of economic uncertainty on the psychology of investors which contribute to bounded imagination, resigned preferences and rational myopia. This aspect is elaborated below in two examples which are worth highlighting here, namely the volatility in real interest rates and the volatility of hidden deficits.

#### Volatility in Real Interest Rates

An examination of real interest rate movements between 1980 and 2009 reveals that the t/bill rates averaged **15.0 per cent** in the 1980s, **29.1 per cent** in the 1990s and **16.6 per cent** in the 2000s.

It may be argued that an environment of high and variable interest rates has molded the behaviour of economic agents throughout this period. For investors, the variability in interest rates introduces greater downside risk and for risk averse investors this may:

- (1) increase the required hurdle rate for investment; and
- (2) reduce investments financed by borrowed capital.

For consumers, interest rate variability may lead to an increase in the propensity to consume out of current income. Available data since 1992 indicate that the Gross National Savings Rate to GDP declined from a high of 32.5 per cent in 1992 to 14.5 per cent in 2009; and declined to as low as 6.0 per cent in 2008 when the impact of the global recession on Jamaica intensified.

### Volatility of Hidden Deficits

An analysis of the trends in the fiscal balance and changes in the national debt stock revealed that there was no obvious correlation in the magnitude of the incremental debt and the fiscal deficit/surplus recorded.

The movements in these variables illustrate some degree of fiscal illusion whereby in many instances the change in the debt stock is not justified by the size of the fiscal balance. This may partly reflect the fact that:

- (1) changes in the debt stock are significantly influenced by the evolution of liabilities of public sector entities which are not part of the central government but whose debt is ultimately guaranteed by the Government (see Technical Note 2); and
- (2) for an extended period during the 1990s the Government engaged in “deferred financing” for core GOJ expenditures that normally would have been financed by the capital budget (see Technical Note 3).

This kind of “fiscal illusion”, where it exists, reduces the credibility of fiscal policy and increases the myopia of rational agents in terms of their response to fiscal policy.

My final remarks on this aspect are just to note that as central as the debt overhang is to the issue of fiscal governance, it is certainly not the only important element. It suffices to mention, for example, an ingrained perception of corruption and graft at various levels of the public service and political activity which is manifested in costly budget “overruns” on public sector projects, bureaucratic “red-tape” and a higher-than-necessary cost of doing business.

Poor fiscal governance has also led to a persistent misalignment of the economic incentives structure. A careful assessment by the PIOJ of available data on Government of Jamaica (GOJ) discretionary waivers— one component of GOJ tax expenditures— shows that **GOJ’s revealed preferences in the use of this fiscal instrument is inconsistent with growth**. Based on available data for the period January 2010 – March 2011, the largest beneficiaries of discretionary waivers were **charitable entities and government-related entities, which accounted for 37.6 per cent and 21.4 per cent** respectively of the total discretionary waivers granted during the 15-month review period. Of the non-charitable, non-government beneficiaries, manufacturers (including entities receiving waivers under the Modernization of Industry programme) were the largest recipients, accounting for 17.4 per cent of total waivers granted.

The issue of the misalignment of discretionary waivers is only one component of a larger issue of the misalignment of GOJ tax expenditures, which is itself, part of an even much larger problem of a distortionary tax regime. According to a recent World Bank growth diagnostic study of Jamaica, the **complex system of tax incentives** distorts the use of economic resources and is a major source of the misallocation of resources and inefficiency across industries. The tax system encourages “enclave’ development which has minimal linkages with the rest of the economy and directs investment flows to industries isolated from the violence which affects other areas of the economy. This resulted in investment concentrating in areas such as All Inclusive Resorts, Mining & Quarrying and Export Free Zones.

The 2004 **Final Report of the Tax Policy Committee**, also notes that “government has significantly narrowed its tax base through its granting of a wide range of preferential treatments,” and “Jamaica appears to be caught up in a culture of non-compliance (catch me if you can) and an approach of finding the path of least resistance on the administrative side (I will catch who I can).”

### **Resigned Preferences and Rational Myopia**

A major challenge in accomplishing meaningful structural transformation and dynamic competitiveness is a reversal of the **perverse psychology** that has emerged after 30 years of fits and starts and disincentives. Rational myopia among all stakeholders will lock the country into a

state of bounded imagination and resigned preferences. That is, because things have always in the end reverted to their bad state, no one rationally should expect things to be different and should resign themselves to it being the same. This is the state of the economic challenge we face and the only way to overcome it is to deliver consistently on a better outcome.

In essence, while our development paradigm assigns primacy to agency— people’s ability to act on behalf of what matters to them— it is mindful of the fact that “what matters” to people may well be the product of “bounded imagination” or “resigned preferences” (see Technical Note 4). That is, to the extent that people’s preferences are shaped, at least partially, by their circumstances and experiences, limited exposure to alternatives may lead people to think of their current preferences as the only ones imaginable. Furthermore, preferences may adapt negatively in response to the perception that certain outcome sets are not achievable. Resigned preferences become important especially in the development context where material deprivations and/or institutional rigidities may entail a downgrading of aspirations for a significant portion of the population. Sen points to this possibility when he suggests, “The deprived people tend to come to terms with their deprivation because of the sheer necessity of survival, and they may, as a result, lack the courage to demand any radical change, and may even adjust their desires and expectations to what they unambitiously see as feasible.”<sup>1</sup>

Making other ways of life and “higher-quality” choices based on an alternative set of preferences imaginable and within reach thus becomes an important aspect of any freedoms-enhancing approach towards development. This is especially true in circumstances like ours where entrepreneurship is necessary to achieve localized credibility and organic sustainability that are embedded in imaginative and innovative solutions and new practices.

### **From Concept to Strategy: Jamaica’s Competitiveness and Business Environment**

At the outset of the development of the growth strategy, we undertook a careful analysis of recent diagnostic studies of Jamaica’s competitiveness and business environment and systematically identified and ranked the key supply-side constraints to growth in the Jamaican economy as:

- Crime and violence

---

<sup>1</sup> Sen, 1999, p. 63.

- Corruption
- Taxation
- Electricity
- Finance
- Macroeconomic instability

This listing of key constraints display factors that are, “external” to the individual firm and have a significant impact on all firms, in terms of the cost, risk, and uncertainty of doing business. Government must address these constraints by adopting a range of instruments available to it through its roles in monetary and fiscal management, economic regulation, delivery of public services (security, health, education, training, information dissemination) and provision of physical infrastructure.

### **Private Sector**

And while it is worth noting that production of the identified constraints are largely “external” to decision making at the firm, while the costs are all significant to them, one should not foolishly overlook the symbiotic relationship that existed and exist between the state and the private sector who often are the beneficiaries of the perverse incentives that produced this state of affairs.

Of note, our analysis also showed that the un-competitiveness of our productive sector was also a result of their failure to address supply-side factors “internal” to the firm, the most important of which were:

- Goods market efficiency
- Labor market efficiency
- Financial market development
- Technological readiness
- Business sophistication
- Innovation

These “firm level” supply factors are largely within the sphere of influence of the individual firm, or collectively within an industry, and it is a matter for debate as to the reasons why the entrepreneurial decision-making calculus in Jamaica has systemically led to outcomes where firms have underinvested in removing these constraints.

Frankly, our private sector should study the works of recent Nobel Laureate Elinor Ostrom, who demonstrates that private gains can oftentimes be maximized by firms acting cooperatively rather than competitively

We recognize at the PIOJ that to the extent that these undesirable outcomes reflect market failures, Government policy can play a corrective role by sponsoring institutional arrangements (such as networks, clusters, incubators, “angel financing”) to address such failures and help to build entrepreneurial capacity within domestic firms. These are all core aspects of the GIS.

For example, Ricardo Hausmann and Dani Rodrik have recently highlighted the role of market failures in influencing underinvestment by firms, in the “discovery stage” of product development, which may be reflected in, among other things, low levels of R&D, etc.<sup>2</sup> More generally the development literature on strategic complementarities emphasizes the impact of market failures in influencing socially sub-optimal decisions by private agents, which lead to underinvestment in transformative activities.<sup>3</sup>

The operation of the “deadweight of history” in its multi-faceted dimensions highlighted above, is brought together by Professor Don Harris in a powerful analytical framework that is elaborated in an annex to the Growth Strategy publication, which is titled “*Resolving the Supposed ‘Puzzle’ of Low Growth Rate and High Investment Rate in the Jamaican Economy*”. This framework points clearly to a set of conditions which could explain the apparent coexistence of slow growth and high investment in the Jamaican economy, namely:

- (a) chronic state of fiscal imbalance;
- (b) underutilization of productive capacity;
- (c) economic waste of capital; and
- (d) the sectoral structure of the economy.

The role of perverse incentives and psychology in influencing underutilization and waste of latently productive assets is readily recognized within this framework. This treatment does not need further elaboration here; it suffices to say that, properly understood, the analysis provides

---

<sup>2</sup> Hausmann and Rodrik (2003).

<sup>3</sup> Ray (1998), chapter 5.

an integrative framework for designing growth-inducement policy measures that address each of the identified determinant conditions.

## **THE GROWTH INDUCEMENT STRATEGY: PRINCIPLES, STRATEGY AND POLICIES**

Arising out of the foundational analysis above, the *Growth Inducement Strategy* has identified that government itself cannot, and will not be the engine of growth. However, it must not inhibit growth. Instead, it must create an enabling and facilitatory environment for the private sector to engage in business entrepreneurship, broad-based investments and job creation, and to become the engine of growth and development.

Globalization, technological progress and international business are too dynamic, entrepreneurial and risk-intensive, for a responsible and modern-thinking, and fiscally constrained Jamaican public sector to undertake anything but its core functions at this time.

These include the aforementioned enabling and facilitation roles, and also, because of their collective nature, the modernization of the country's public infrastructure (especially making it resilient to climate change), poverty demand challenges, education and training, health care, and the protection of those who have difficulty fending for themselves.

Two things are clear:

- (1) broad-based economic growth based on the modernization and competitiveness of local industries must be the primary objective; and
- (2) the private sector's role as the leader and engine of this process is key; government and the public sector's smart and modern partnership with the private sector is critical to the success of this goal. Government and the public sector should enable, facilitate and complement private sector efforts, and do so in a manner that minimizes unnecessary burdens, whether in the form of crowding-out high interest rates because of government

debt financing, distortive economic incentives, nuisance taxes, regulatory red-tape, or a high cost macroeconomic and social environment.

To accomplish these objectives in the desired manner, the Growth-Inducement Strategy proposes a three-pronged approach to addressing these constraints, incorporating:

- demand stimulus – targeted infrastructure investment aimed at also improving the resilience of the natural and built environments;
- removal of key structural constraints – the main ones highlighted being crime and violence, the distortionary effects of taxation, the cost of energy, the cost of or lack of access to finance, macroeconomic instability and the quality of infrastructure;
- facilitation of greater social inclusiveness, economic empowerment and self-agency—rationalization and significant enhancement of community renewal initiatives— MSME development, and balanced urban-rural development projects.

This strategy is expressed in terms of **six** major priority areas for policy development. These are:

1. Social Inclusion – Community Renewal & Urban-Regional Development
2. Asset Mobilization
3. Competitiveness
4. Public Sector Transformation
5. Business Networks
6. Built and Natural Environment

The policy initiatives linked to these strategic areas are shown in the **Growth Strategy Matrix**.

These strategic policy areas are underpinned by a stable macroeconomic environment, conditioned on continued fiscal consolidation over the medium term. Fiscal consolidation plays a critical role in stabilizing the macro-economic environment through low inflation, stable exchange rate and low interest rate, while creating facilitatory conditions for private investment.

However, fiscal consolidation reform has to be perceived as credible if it is to signal to the private sector that the government will be smaller, more efficient and complementary, and provide services at a lower tax-price, and if it is to be foundational in economic expansion. Its success **rests exclusively on the emergence of a positive psychology and positive expectations** by households, workers and firms in the economy. Economic agents must be convinced that the fiscal consolidation programme is credible, i.e., properly rationalized and/or timely and/or sustainable and/or irreversible, for them to extend their rational expectations beyond the short term and imagine a rise in their permanent wealth and income.

## **FINAL THOUGHTS**

Let me start my final thoughts by first expressing my deepest gratitude to the many persons from a cross-section of our society who participated directly and indirectly in the public scholarship that informed the preparation of the *Growth Inducement Strategy*. It is an articulation of your aspirations as expressed in *Vision 2030 Jamaica*, our first longitudinal development plan and all of Jamaica deserves its success.

Having said this, I would like to draw attention to another key vehicle for actualizing the GIS and its plans for inclusively improving the economic development, well-being progress and freedoms of all Jamaicans— this being effective partnerships across agencies, sectors, institutions and groups.

My acceptance of the invitation to engage you in discussions on this important topic this morning is driven, in part, by selfish motives. I am first and foremost a student of the issue of societal change and the collective pursuit of agency and expanded freedoms by citizens, and the role and boundaries of the State and public policy, private agents and civil society in this process. I am therefore, seized by the opportunity of engaging your collective wisdom and experiences in my learning, and of the possibility of participating in your timely dialogue.

While the dominant lesson of Jamaica's failure to achieve its economic development, well-being and freedoms promise since Independence squarely rests in large part on the inadequacies of its state and successive governments, the lasting lesson of globalization and rapid technological change of the recent decades is that the real wealth of a nation is the human capital of its citizenry; and that a nation-state can best be globally dynamically competitive if its human capital is allowed a framework within which it can be creative, entrepreneurial and organically renew and reinvent itself.

An important sub-lesson is the recognition of the arduous task of compensatory states constantly trying to recalibrate non-market determined pricing of economic assets and/or economic opportunities through the shadow pricing of border taxes, waivers, subsidies, etc., to achieve allocative and technical efficiencies and overall economic competitiveness, especially in the informational, technologically and globally driven new world economy.

If you accept, as I do, that democracy and democratization are the market-place and vehicle for the proper valuation, pricing and transacting of political ideas, civic expressions and the use of the power of the State, and of collective social will and values and aspirations of citizens, then you will share my sense that the political and civil society crisis of current and recent decades, and much of the economic crises, are mostly as a result of the "market failures" of democracy. By this construct, inclusive and socially just democratic renewal and modernization will address social marginalization issues, and promote agency, entrepreneurship and ownership over the problem solving of social and economic deprivation, including poverty, voicelessness and resigned preferences and bounded imagination.

Another important sub-lesson of the global crises of current and recent decades is the recognition and acceptance that market-based economies that are dominated by an unbridled thirst for profit-seeking are, as Muhammad Yunus, the economist who founded the famous Grameen Bank of Bangladesh and was the winner of the 2006 Nobel Peace Prize points out, suffering from a "conceptualization failure, or a failure to capture the essence of what it is to be human, and a failure to appreciate that well-functioning markets can produce unpleasant results."

Yunus further adds, and I paraphrase, that "the modern conventional theory of business has often created a one-dimensional human being playing the role of business leader and so-called entrepreneur. This person in this role is often insulated from the rest of life, and is mostly

dedicated to one mission only — maximizing profit — and is supported by other one-dimensional human beings who give their investment money to achieve this mission.” According to Yunus, “this person and his or her supporters know the price of everything and the value of nothing” (quoted by Oská Wilde).

With this frame as background, I offer that goods and political market access and participation have important social dimensions that go well beyond pursuing national economic development through solving economic efficiency challenges in the use of scarce economic resources.

As advanced by Nobel Laureate Amartya Sen, the freedom to participate in market exchange and transactions, and I add, political and democracy markets as well, “is itself part and parcel of the basic liberties that people have reason to value.” They offer important actionable and psychic benefits in the forms of inclusiveness, fairness, and empowerment, as well as transparency, accountability and guarantees about government action. They therefore promote transitive dignity in socially-just self-agency among citizens while giving important feedback on the democracy market valuation of individual and collective aspirational goals. Political markets and the governance ambition of the CRP and GIS therefore play a critical basic role in social living, and in socially just and inclusive sustained improvements in well-being.

By this framework, nation-states are enhanced and advanced, and national development occurs because this institutional framework is governed by incentives whereby individuals or social or economic collectives in seeking to maximize their self-interest, also enhance the national interest and social and economic wealth. That is, the national interest and wealth are enhanced by an amount greater than the sum of the private gains to the self-interest maximizing individuals and/or groups. This is the core spirit, value and guiding principle of the GIS, the CRP, and *Vision 2030 Jamaica*.

The work of the PIOJ under my leadership is premised on the certainty that the valuation and transacting of social aspirations and values, including heightened humanness, social justice and balanced environmental stewardship through democratic markets, and within an institutional and incentive framework that organically values and reproduces them, is the best way to build sustainable competitive, socially just economies in the new world economic paradigm of globalization and rapid technologic change.

This concludes my formal thoughts on the GIS. Thank you for the privilege of presenting and for your patient listening.

END.

## **APPENDICES**

**Technical Note 1: A Primer on Agency, Well-being and Empowerment**

**Technical Note 2: A Primer on Soft Budget Constraints and Public Enterprise Financing**

**Technical Note 3: A Primer on Deferred Financing**

**Technical Note 4: A Primer on Resigned Preferences**

**Technical Note 5: Growth Strategy Matrix**

**Technical Note 6: National Dashboard of Indicators 2009–2010**

## Technical Note 1: A Primer on Well-Being, Agency and Empowerment

Central to the Growth Inducement Strategy as a development paradigm is an emphasis on agency. Agency, as defined by Amartya Sen, “refers to what the person is free to do and achieve in pursuit of whatever goals or values he or she regards as important.” (1985, p. 203) Assigning importance to agency implies a view of persons as responsible agents, as doers and judges (rather than passive beneficiaries), and demands respect for their own values and goals. It recognizes that the process through which achievements are obtained is as important as the outcome itself.

Agency has intrinsic as well as instrumental relevance. Its intrinsic value is derived from the importance of freedom of choice in people’s lives. To the extent that being able to act and choose freely impacts positively on a person’s well-being, agency becomes a significant dimension of well-being comparable to aspects such as good health, friendship or inner peace. Agency’s instrumental worth relates to its role in making people’s voices heard and preferences implemented; it thus contributes to how well-being is achieved. Alkire (2005) offers an instructive schematic representation of the relationship between well-being, agency and empowerment, which is replicated in the table below. In it “empowerment” appears as the aspect of agency that focuses on its instrumental value.

**Table I**  
**Relating Agency to Well-Being and Empowerment**

<b>Well-Being</b>	<b>Agency</b>	<b>Empowerment</b>
Aspects of people’s lives that they value and have reason to value.	People’s ability to act on behalf of what matters to them	<b>A subset of agency</b> , that focuses on the instrumental value of agency.
<b>Some Dimensions of Well-being:</b> <sup>78</sup>	<b>Characteristics of Agency:</b>	<b>Methods to increase empowerment:</b>
Life/health/security Understanding Excellence in Work and Play <b>Self-Direction or Practical Reason (Agency)</b> Friendship and affiliation Inner Peace/Self-integration Creative Expression Spirituality / Harmony with sources of meaning and value Harmony with the natural world	<ul style="list-style-type: none"> <li>- is part of one’s own well-being (<i>intrinsic value</i>)</li> <li>- can cause positive changes in some dimensions of one’s well-being (<i>instrumental value</i>)<sup>79</sup></li> <li>- can create further changes one values (<i>instrumental value</i>)</li> <li>- may conflict with other dimensions of one’s well-being</li> </ul>	Access to information, Participation/inclusion, Accountability, Local organizational capacity <sup>80</sup>

Source: Alkire, Sabina. "Subjective Quantitative Studies of Human Agency." *Social Indicators Research* 74.1 (2005): 217–60.

## **Technical Note 2: A Primer on Soft Budget Constraints and Public Enterprise Financing<sup>1</sup>**

A deterrent to the prudent financial management of a public enterprise (PE) is the government's willingness to refinance its deficits and to provide it with guarantees against closure. This recourse to government support is likely to weaken the PE's resolve to exert high effort in redressing any possible laxity in its financial discipline or operational inefficiency and may encourage a cavalier attitude towards business risk-taking. The absence of a credible commitment to operational and financial discipline or to the undertaking of prudent risk may result in the *moral hazard* of non-maximising behaviour becoming optimal. As a result, the PE may end up pursuing goals that are in conflict with the efficiency, developmental and/or equity goals of its charter. Such inappropriate goals often include the maximization of internal rent through generous compensation packages or enlarging the bureaucracy, or other activities that would give rise to a large and inefficient level of recurrent expenditures.

These activities are likely to result from a lax or soft *budget constraint* (Kornai 1986, 1993)<sup>4</sup> by the government towards its PEs. This manifests itself in an increased level of inefficient and burdensome financial transfers from government to PEs.

Government's budget constraint towards its PEs may be soft for a number of reasons, some of which are identified below:

- Government may choose to bail out rather than liquidate an enterprise because of a high (*ex ante*) prior sunk cost investment which makes it preferable (*ex post*) to provide additional funding rather than force the enterprise into bankruptcy and closure;
- it may associate multiple objectives with the operation of an enterprise (employment, industry, leadership, economic security, output stabilization) and thus find it optimal to bail it out of financial difficulties rather than allow its closure;
- it may not have strict oversight over the enterprise with which it has a fiduciary relationship and is therefore unable to assess the true financial burden of its operations.

In addition, because the level of internal market competition in many developing countries is weak and the market-supporting institutional framework is often inadequate, the credibility of contract enforcement between parties to an economic exchange is undermined, and enterprise accountability and payment discipline are often compromised. In such an environment, a government is burdened with the expectation that it will guarantee the survival of both significant private and public enterprises, even in situations of continuous loss-making and unadjusted behaviour on their part. Raiser (1994)<sup>5</sup> refers to this situation as the *no-exist*

---

<sup>4</sup> Kornai, J (1986). The Soft Budget Constraint. *Kyklos*. **39**: 3–30 ;

Kornai, J (1993). The Evolution of Financial Discipline Under the Postsocialist System. *Kylos*. **46**:315– 336

<sup>5</sup> Raiser, M (1994). The No-Exit Economy: Soft Budget Constraints and the Fate of Economic Reforms in Developing Countries. *World Development*. **22**: 1851–1867

economy and points to its debilitating impact on government finances, market-oriented reforms and economic growth.

**Source: Extracted (with modification) from Hutchinson and Hutchinson (2001a), pp 11–12**

### **Technical Note 3: A Primer on Deferred Financing**

Deferred financing is an arrangement whereby a private contractor undertakes a public contract with own-arranged financing with the understanding that the government will pay for the outlays from future revenues over some agreed period, with appropriate interest and service charges added. Similar to contingent liabilities such as loan guarantees, deferred financing activities are off-budget transactions, and therefore, their use places enormous responsibility on fiscal authorities to manage them in a manner that does not violate the transparency of budgetary accounting and, in turn, compromise the oversight responsibility of Parliament. However, the risk-sharing properties of contingent liabilities are absent in deferred financing arrangements, though the economic objectives are the same. Unlike government guarantees, deferred financing schemes involve no underwriting of risk, but instead constitute a commitment from government to finance the cost of projects executed on its behalf in the current fiscal year with revenue from future budgets. Private contractors, with this “understanding” in hand, are then free to negotiate the financing of government projects with private banks.

In its best light, deferred financing represents an effort at efficient multi-period budgeting by the government, which finds itself in a situation where its timetable for efficient project implementation is not well aligned with its current cash flow. The deferred financing arrangement is then justified on the basis that anticipated future cash flows will be sufficient to cover currently under-funded obligations. Studies of other countries’ experiences, in particular those of transitional and emerging-market economies, make it clear that Jamaica’s experience with these financing arrangements is not aberrant (Polackova Brix et al, 1999a, 1999b, 1999c).

Important concerns over the use of this financial arrangement are warranted, however, if a proper rationale and boundaries are not clearly spelled out and in place. Unlike government guarantees, where the future budgetary implications are contingent and uncertain, the charges on future budgets arising from deferred financing arrangements are certain and conventional. They are also well understood, traceable and therefore can be incorporated into the current and/or medium term budget. Hence, any failure to account for them may be interpreted as a deliberate violation of the standards of prudential budgeting. Such a violation, in combination with the lack of clearly defined boundaries, would open the door for widespread abuse of deferred financing arrangements, especially in the current Jamaican environment which is fraught with economic difficulties, uncertainties and incomplete accountability. In Jamaica’s case, there is no record of a clearly defined rationale for its use, and criteria for qualification, as is the case with the Loan Act and government guarantees. However, to Jamaica’s credit, its use of deferred financing arrangements was restricted to the activities of Ministries as opposed to public enterprises.

Since, 2001 the government of Jamaica has discontinued the use of deferred financing and the recent promulgation of the Fiscal Responsibility Law and subsequent implementation of a Fiscal Responsibility Framework, makes its recurrence unlikely.

**Source: Extracted (with modification) from Hutchinson and Hutchinson (2001b), p1 & pp 14–15**

## Technical Note 4: A Primer on Resigned Preferences

Three different paths to the individual's choice-making process are identified along which the individual may travel throughout his life, each giving rise to a certain level of utility:

- a *conservative path* of limited experience and static preferences,
- a *passive path* on which widening experience changes tastes, and therefore preferences, for non-performance activities,
- an *active path* on which widening experience changes tastes, preferences and capacities for performance activities.

Assuming for simplicity that the individual has a choice between two alternative consumption activities ( $i = 1, 2$ ), both involving two goods  $q_j$  ( $j = 1, 2$ ), Activity 1 will be taken to correspond to the conservative path. At each point in time  $t$  (with  $t = 0 \dots T$ ) it generates utility according to the following point-of-time utility function:

$$\text{Conservative path: } U^t_1 = U^t_1(a_{11}(q^t_1, x^t_1), b^t_{11}(q^t_1), a^t_{12}(q^t_2, x^t_2), b^t_{12}(q^t_2))$$

where the  $a^t_{ij}$  ( $i = 1, 2; j = 1, 2$ ) represent the individual's taste for the  $j$ th good in activity  $i$ ; the  $b^t_{ij}$  reflect the individual's capacity to generate utility from the  $j$ th good in activity  $i$ ; and the  $x^t_j$  are influences on tastes (such as e.g. advertising) that may affect preferences for goods, given user capacities.<sup>6</sup>

Activity 2 is equivalent to the active path of widening experience and changing tastes, preferences and capacities. The corresponding utility function is:

$$\text{Active path: } U^t_2 = U^t_2(a^t_{21}(q^t_1, x^t_2), b^t_{21}(q^t_1), a^t_{22}(q^t_2, x^t_2), b^t_{22}(q^t_2))$$

In this model, both tastes  $a^t_{ij}$  and consumption capacities  $b^t_{ij}$  are dependent on experience. Activity 1 involves a conservative path of limited experience; hence tastes, preferences, and capacities remain fixed over time (the  $a^t_{1j}$  and  $b^t_{1j}$  are constant), and so does the individual's marginal rate of substitution between the two goods  $MRS_{12} = (\partial U^t_1 / \partial q^t_1) / (\partial U^t_1 / \partial q^t_2)$ . With Activity 2, in contrast, the individual embarks on an active path that involves learning from experience, alters his tastes and preferences as well as his consumption capacity. One may conceive of a scenario where learning has a different impact on the two goods. For instance, learning may pertain to good 2 only, in which case the  $a^t_{21}$  and  $b^t_{21}$  remain constant over time, while the  $a^t_{22}$  and  $b^t_{22}$  are time period specific. To the extent that learning is positive, the  $a^t_{22}$  and  $b^t_{22}$  will increase and the individual's preferences will tilt in favor of good 2, lowering his  $MRS_{12}$ .

The individual's intertemporal private welfare function can be expressed as the sum of the point-of-time utility functions for the respective activity:

T

---

<sup>6</sup> For simplicity it is assumed that the individual has a zero rate of time preference, that the  $a^t_{ij}$ 's and  $b^t_{ij}$ 's are independent of each other, and that the  $x^t_j$ 's do not impact upon alternative paths.

$$W((q^0_1, q^0_2), \dots, (q^T_1, q^T_2)) = \begin{cases} \sum_{t=0}^T U^t_1 ( ) & \text{if activity 1 is chosen} \\ \sum_{t=0}^T U^t_2 ( ) & \text{if activity 2 is chosen} \end{cases}$$

The individual will wish to maximize this function subject to his budget constraint over time. Doing so, however, involves seemingly insurmountable information requirements, not just with respect to future prices and incomes, but also future preferences. In order to anticipate the latter, the individual must be able to envision, at time 0, how the pursuit of alternative activities will alter his tastes and his consumption capacities, and how these changes in turn will translate into alternative utility streams. In fact the individual has to be able to anticipate which preferences align more closely with his good. In order to simplify the decision problem, it is assumed that “the idealized individual anticipates (correctly) that a preference development derived from a positive learning process will create preferences that are no less closely aligned with his good than would be his initial, undeveloped preferences,” implying an increased likelihood over time that the active path will be chosen.<sup>7</sup>

To summarize, from the framework outlined above emerges a stylized picture of the individual’s intertemporal choice process whereby initial choices are based on the initially manifest preferences derived from initially perceived tastes, impulsive wants, and private and public information, and subsequent manifest preferences and choices are adjusted in response to creative learning from experience, resignation or addiction.

---

<sup>7</sup> The assumption is thus that  $\partial U^t_2 / \partial a^t_{22} \geq \partial U^t_1 / \partial a^t_{12}$  and/or  $\partial U^t_2 / \partial b^t_{22} \geq \partial U^t_1 / \partial b^t_{12}$ . Taste and capacity development through a positive learning process increases  $a^t_{22}$  and  $b^t_{22}$  through time and, since the other  $a^t_{ij}$  and  $b^t_{ij}$  are taken to be constant, raises the likelihood that an active path will be pursued. This is not to suggest that such a path will necessarily be welfare-maximizing under all circumstances. Burrows cites training programmes as an example of an active path that may lower utility for a certain time period until creative preference development sets in and may as a result potentially lower overall life-time welfare.

## Technical Note 5: Growth Strategy Matrix

Strategic Focus	Agenda		Implementation Schedule		Agency	Funding Source
			Short-term	Medium-term		
<b>1. Crime Reduction</b>	Community Renewal Programme (CRP); 100 targeted communities throughout Jamaica		√	√	PIOJ	various
<b>2. Asset Mobilization</b>	<b>Asset Class</b>	<b>Agenda Item</b>				
	Financial	Loan portability	√		MOF	
		Secured transactions		√	MOF	
		Credit Bureau		√	MOF	
		Jamaica Mortgage Bank		?	DBJ	
	Real Property (land)	Land registration and title	√		MOF	
		Probate & land transfer	√		MOF	
		Real Estate Investment Trust		?		
	Government Property	Sugar industry privatization	√		DBJ	
		Jamalco divestment	√		DBJ	
<b>3. Competitive-ness</b>	<b>Programme</b>	<b>Agenda Item</b>				
	Tax Policy Reform	Tariff structure review	√	√	MOF	
		Tax waiver reform	√	√	MOF	
		Consolidate statutory deductions	√		MOF	
	Energy	National Energy Policy Action Plan	√	√	MEM/OUR	
		Net metering/net billing	√	√	MEM/OUR	
	Manufacture	Industry Modernization Programme; factory space; GOJ procurement	√	√	MIIC/JMA	
	Agriculture	Diversify, modernize traditional farming; PMOs; greenhouses	√	√	MAF/RADA	DBJ/PC
	Exports	NES - Implementation Plan	√	√	MIIC/JEA	
	Human Resources	Training, certification	√	√	ML	
<b>4. Business Networks</b>	<b>Sector</b>	<b>Agenda Item</b>				
	Tourism & other services	Health/medical/heritage tourism		√	MT/JAMPRO	
		Sports	√	√	JAMPRO	
		Entertainment, crafts, food, attractions	√	√	JAMPRO JBDC	
	Government	Public sector procurement	√	√	MOF	
	ICT	Regional ICT centers	√	√	JAMPRO	
	Logistics Hub			√	MTW	
	MSMEs	Capacity building; 5-yr tax holiday	√	√	JBDC	DBJ/PC
<b>5. Built Environment</b>	<b>Sector</b>	<b>Agenda Item</b>				
	Infrastructure	Jamaica Development Infrastructure Programme	√	√	MTW	MTW
		Negril Beach Restoration	√		MTW	MTW
	Housing	Various projects, island-wide	√	√	NHT	NHT
<b>6. Urban-Regional Development</b>	<b>Programme</b>	<b>Agenda Item</b>				
	Community Renewal Programme	100 targeted communities	√	√	PIOJ	
	Development Projects	Downtown Kingston Redevelopment	√	√	Private Sector/UDC	
		West Kingston Commercial Lifestyles Center	√	√	UDC	
		Port of Falmouth	√		UDC	
		Montego Bay Convention Centre	√		UDC	

**Technical Note 6: Vision 2030 Jamaica -**  
**National Dashboard of Indicators 2009–2010**

**Quarterly Press Briefing –**  
**National Dashboard of Indicators**

Summary Report 2009 - 2010  
(with 2015 targets)



# NATIONAL GOALS



# National Dashboard of Indicators

National Goal	Main Reporting Area	Report This Quarter
<b>National Goal # 1:</b> Jamaicans Are Empowered To Achieve Their Fullest Potential	<b>1. Health Status</b>	✓
	<b>2. Education Status</b>	✓
	<b>3. Labour Force Quality</b>	✓
<b>National Goal # 2:</b> The Jamaican Society is Secure, Cohesive and Just	<b>4. Security Status</b>	✓
	<b>5. Justice Status</b>	✓
<b>National Goal # 3:</b> Jamaica's Economy is Prosperous	<b>6. Economic Growth</b>	✓
	<b>7. Employment</b>	✓
<b>National Goal # 4:</b> Jamaica has a Healthy Natural Environment	<b>8. Environmental Stewardship Status</b>	✓

## National Goal # 1: Jamaicans Are Empowered To Achieve Their Fullest Potential

Main Reporting Area	Key Indicators	Past	Present			Future
		1999	2009	2010	% Points Change	2015
1. Health Status	Immunization Coverage - DPT, OPV, BCG (% children 0 -11 months)	85.3	90.9	94.7	3.8	95.0
	Immunization Coverage - MMR (% children 12-23 months)	82.0	88.1	87.1	- 1.0	95.0

## National Goal # 1: Jamaicans Are Empowered To Achieve Their Fullest Potential

Main Reporting Area	Key Indicators	Past	Present			Future
		1995	2009	2010	% Points Change	2015
2. Education Status	Adult Literacy Rate (%)	75.4	86.8	91.7 (1)	4.9	≥ 91.6
	Gross Enrolment – Tertiary Level (%)	9.5	30.8	32.8 (2)	2.0	35-45 (Prov.)

**Notes:**

1. Adult Literacy Rate for 2010 based on Jamaica Survey of Living Conditions Literacy Module in 2008
2. Gross Enrolment – Tertiary Level show final figures for 2009/2010 school year

## National Goal # 1: Jamaicans Are Empowered To Achieve Their Fullest Potential

Main Reporting Area	Key Indicators	Past	Present			Future
		1995	2010	2011	% Points Change	2015
2. Education Status	Results in CSEC (% passing 5 subjects or more ) (1)	15.9 (1998)	36.7	36.3 (2)	- 0.4	40-50 (Prov.)

**Notes:**

1. Including English Language and/or Mathematics
2. Results in CSEC show preliminary figures for 2010/2011 school year

## National Goal # 1: Jamaicans Are Empowered To Achieve Their Fullest Potential

Main Reporting Area	Key Indicators	Past	Present			Future
		1995	2009	2010	% Points Change	2015
3. Labour Force Quality	Labour Force Certification (% of Labour Force)	9.4	20.1	21.2	1.1	60.0

## National Goal # 2: The Jamaican Society is Secure, Cohesive and Just

Main Reporting Area	Key Indicators	Past	Present			Future
		1995	2009	2010	% Change	2015
4. Security Status	Major Crime Rate/100,000 Population	616	438	409	- 6.5	182
	Murder Rate/100,000 Population	31	62	53	- 14.8	42
5. Justice Status	Case Clearance Rate (%) (Resident Magistrates' Courts)	97.8	80.1	94.0	13.9* (% points change)	95.0 (Prov.)

\*Not including data on Traffic Matters

## National Goal # 3: Jamaica's Economy is Prosperous

Main Reporting Area	Key Indicators	Past	Present			Future
		1995	2009	2010	% Points Change	2015
6. Economic Growth	Real GDP Growth Rate (%)	2.2	-0.8	-1.7	-0.9	5
	GDP per Capita (US\$)	2,346	4,832	4,891	1.2 (% change)	6,629
7. Employment	Total Unemployment Rate (%)	16.0	10.6	11.5	0.9	7.5

Note: Moving 3-year averages used for economic indicators

## National Goal # 4: Jamaica has a Healthy Natural Environment

Main Reporting Area	Key Indicators	Past	Present			Future
		2001 - 2007	2008	2010	Change	2015
8. Environmental Stewardship Status	Environmental Performance Index (Country Score)	74.7 (2006)	79.1 (2008)	58 (2010)	-21.1	≥ 82.2
	Hard Coral Cover (% of surface area of seabed)	14.8 (1)	13.7 (2)	13.3 (3)	-0.4 (% points change)	n/a

Notes:

1. Average from 53 sites
2. Average from 36 sites
3. Average from 29 sites