

ECONOMIC DEVELOPMENT: A SYSTEMS APPROACH

Development has been defined (Dunn, 1971) as “The ability of an organization, community or society to change (transform itself) is the result of research and planning”. Professor Jeffrey Sachs, Director of Harvard University’s Center for International Development and Special Advisor to the Secretary General of the United Nations, has proposed that there are two pillars of development that facilitate economic growth and competitiveness.¹ These two determinants are *social investment* and *the business/economic environment*.

Social Investment

The Professor asserts that continued investment within health and education services is of fundamental importance to our Caribbean region, if we are to fully capitalise upon the potential offered by technology and foreign investment. Professor Sachs argues that tertiary education is a major driver of any nation’s success within the highly competitive international economy; thus he perceives the access to tertiary education by the region’s populace as warranting considerable concern. Research revealed that total registration at the University of the West Indies has ranged from approximately 12,628 to 18,865 between 1990 and 1999, with average growth of 6%. Such is in light of over 5 million persons within the English-speaking Caribbean. This is compared to access of 85% in North America and 50% in Europe, as proposed by the Professor.

I agree that more of those who wish to pursue a tertiary education (academic and technical) should be afforded such an opportunity. However, recent university graduates and others may wonder how our local job market can support the externalities associated with this increased throughput, especially due to the difficulty in finding employment and subsequently retaining it *vis a vis* the organisational restructuring that is taking place. It can be postulated that the region would become an even larger pool of intellectual capacity for the rest of the world, but we must bear in mind that they too are faced with their own challenges.

According to the Harvard economist, greater budgetary allocations are needed within the health sectors of the region. The expenditure of the Government of Barbados on health has represented approximately 4% of Gross Domestic Product between 1995 and 1999, which is quite close to the 5-6% proposed by the Professor. The intervention being implemented by the Government of Barbados via the National AIDS Commission, is in keeping with the economist’s admonition that “Rigorous efforts in prevention, treatment and counseling regarding AIDS is vital if the virus is not to decimate the socio-economic environments of the Caribbean”.

¹ Issues raised on the 3 March 2002 airing of the Caribbean Broadcasting Corporation’s programme – ‘A Public Affair’.

Business/Economic Environment

Sachs describes the prerequisites for the existence of a sound business/economic context as being:

- Macroeconomic stability;
- Competent and progressive Government/Public Sector effectiveness; and
- An orientation towards technology and innovation.

Within macroeconomic stability, the professor speaks about the minimisation of budgetary, inflationary, interest-rate, liquidity and banking sector crises. He goes on to suggest that “Economic growth is not a matter of markets alone, it’s a matter of markets supported by effective public services”.

Adequate infrastructure, education, health care, social stability and so on are hinged upon an effective and competent public service. Professor Sachs postulates, “**Even if you are the most free market oriented, you need to acknowledge the role of a strong, effective, capable and competent public service.** At least as a goal to be working towards as part of the success story”. Regional journalist Ricky Singh² substantiates the necessity for maintaining a good Public Service, when he argues “Having been provided with an overview of economic performances and prospects from their own and regional technocrats, the CARICOM leaders would be expected to be more sensitive to some of the concerns about public sector management issues that have been highlighted by the crisis situation of a number of national economies”.

The important role that Government plays within the mobilisation and use of our national resources can be exemplified by the following indicators. Between 1995 and 1999, the average contribution of Government services to GDP was 14%; whilst on average, Public Servants represented 21% of the workforce and total Government expenditure accounted for 33% of GDP at market prices.

The Public Sector Measurement Programme and a segment of the training initiatives undertaken by the Barbados National Productivity Council (**BarNaPCo**) seek to facilitate the creation of a culture of strategic planning, implementation and evaluation within the Public Sector. This customer-focused and team-oriented approach which is being promoted is of vital importance in ensuring effective and efficient usage of Public Sector budgetary allocations.

The Harvard economist asserts that science and technology should be incorporated into any nation’s strategy of economic development, as the discipline is being used to address a myriad of international issues related to health, environmental management and production. He has proposed that such incorporation can occur via four mechanisms: local investment by high-technology foreign firms; the importation and utilisation of advanced technology; the support of indigenous science and technology initiatives (the

² Within the Tuesday 13 August 2002 Daily Nation article, entitled “Economic Challenges: Caricom Special Meeting to Address Crisis”

late Professor Oliver Headley was a pioneer and major proponent within this area); and the creation of a socio-economic environment that encourages regional citizens, residing abroad, to return (long-term or short-term) and contribute to national development.

We need to assess the reasons why we are successful within particular sectors such as Tourism and Financial Services. Such findings will be fundamentally important if future policy development and planning are to yield sustainable improvements. Our development will be fundamentally determined by how well we can harness the project approach to implement the planned initiatives and assess the validity of the enacted plans to developmental goals. Dennis Rondinelli purports, “If theorists are correct in asserting that the essence of development lies in increasing productivity, in promoting structural change to expand the capacity or potential for socioeconomic production, then projects are a critical means of achieving development”.

Robert ‘Bobby’ Morris believes, “Barbados’ competitiveness, and our ability to sustain and improve the standard of living in our people, will depend on the ability of our firms, particularly in the tradeable areas – tourism, offshore services, agriculture, services and manufacturing, to develop outputs efficiently and of good quality, to market them effectively and ensure equitable access to markets. There is also the need to ensure that other public sector and private sector institutions are streamlined to assist the sectors responsible for tradeable goods and services, so that there is a congruence in their effectiveness”. Within a similar vein, the president of the Caribbean Development Bank, Dr Compton Bourne suggests that the CARICOM Single Market and Economy is “a critical requirement for international competitiveness and resuscitation of economic growth”.

The challenge faced by Barbados and the rest of the region is illustrated by the proposal (Singh, 2002) that “Saddled with huge international debts payments, high incidence of unemployment, alarming levels of crime, and declining flows in development aid, CARICOM states, from the newest and poorest Haiti, to once thriving economies like Barbados, are grappling for solutions to threatening social and economic problems”. I believe that all national stakeholders must tangibly capitalise on their inherent competencies, if we are to achieve and sustain maximum socio-economic development in our beautiful island. All of us need to be cognisant of how our individual and collective efforts affect the well being of our nation – *“Not Just You; Not Just Me; But All O’ We”*.

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