



## Business

### The crisis behind the crisis

By **Kenneth Hynes**

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The release of the World Bank's 2010 Doing Business Survey saw Jamaica fall even further in the rankings, leaving it trailing behind such economic heavyweights as Kazakhstan, Mongolia and Samoa.



The news of Jamaica's poor performance was immediately followed by the usual finger-pointing recriminations and calls for the Government to do something about it. Underlying these calls for action is a belief held by many in the business community and the public sector that government should play the role of master strategist - effectively choosing and supporting preferred, but not necessarily competitive, industries. This expectation is outdated, contradictory, and constitutes the real crisis behind the crisis.

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A prolonged private and public sector focus on preserving economic sectors that were essentially constructs of policy, like sugar and bananas, has empowered the Government to act as the master strategist of the Jamaican economy, leaving the island ill-equipped to confront the challenges of a more open and competitive trading environment.

The Government's dominant role in the economy has resulted in distortionary tax policies, high levels of public debt, and a banking sector ill-equipped to lend to firms.

These challenges are real; however, they are not actually the cause of Jamaica's economic woes, but the effect of a bigger underlying problem. The real crisis facing Jamaica stems from the low levels of trust between the public and private sectors, arising from the Government being asked to perform a role that deep down everyone knows it can't fulfil. Surveys conducted by OTF Group in 2003 found that 84 per cent of respondents agreed that trust between the public and private sectors in Jamaica was amongst the worst in the world.

To be clear, this article is not a critique of the Government. Jamaica is a strong democracy, and in any democracy, the government will do what it was elected to do. In other words, the government responds to the demands placed upon it. The Jamaican private sector must acknowledge a number of clear contradictions in its beliefs and actions as they relate to the role of government in Jamaica. Although there are persistent calls for the Government to train more people, provide more financing, build better roads, secure more foreign direct investment, etc, 87 per cent of business people surveyed by OTF in 2003 disagreed with the idea that Government knows what is best for Jamaica. Why would anyone ask someone to do a job you know they can't do? Disappointment and disillusionment are bound to follow. Moreover, every time an individual firm lobbies for special treatment from a ministry or official, it is reinforcing the Government's dominant role in the economy. You can't have it both ways.

Perhaps the biggest cost to Jamaica of allowing the Government to play the role of master strategist is that it has constrained the dynamism of the private sector. Too often in Jamaica the private sector looks to government for solutions. This passive behaviour is unbecoming of an island that rebelled against colonial rule and has ever since proactively reached out and enriched the world with role models of creativity, dedication, and excellence such as Usain Bolt and a large number of recording artistes.

So where do we go from here? It starts with a more productive dialogue between the public and private sector as it relates to their respective roles in the economy. The Government should focus on creating a culture and institutions that support and celebrate innovation. Education and the protection of intellectual property need to be key pillars of public policy.

The Government can and must shape the enabling environment for business, but so must the private sector. Here is the good news: the individual entrepreneur or manager can shape his or her own enabling environment. It starts with a focus on the customer and staff training. There are hundreds of firms across Jamaica such as Totally Male Limited and Spatial Innovation that are simply getting on with the business of identifying new markets and new products. They pay their taxes so their commercial success is to everyone's benefit. Their "no excuses" approach needs to be the new voice of the private sector.

If Jamaica is to overcome the daunting challenges it faces, it must address the crisis behind the crisis. The island must move beyond the blame game. The conversation between the public and private sectors must be more focused on what each one must do to support the country's economic growth. Over the last six months, through the Pioneers of Prosperity Awards Programme, I have been exposed to hundreds of world-class small and medium enterprises (SMEs) that can compete with anyone. I've also worked with Government leadership that genuinely wants to help them. All the elements for economic success already exist in Jamaica. I have seen them first hand. They just need to come together in the right way to move the country towards a more prosperous future.

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