

PJ Patterson's collapsing legacy

(Part II)

Dr. Penrole Brown
Contributor

Last week I dealt with some aspects of the Prime Minister's collapsing legacy. Today, I examine other areas.

IN TERMS of the economy, it is obviously clear that the administration led by the Prime Minister for 13 years has failed miserably. The maintenance of a myopic set of policies focused on low inflation and fiscal balance has wreaked havoc on the productive sectors due to the prolonged existence of high interest rates, fuelled in the main by borrowings of the State based on the rationale of 'mopping up liquidity'.

This has weakened the country's social infrastructure in essential areas such as fire-fighting services, education, as outlined earlier, to a lesser degree health and has, owing partially to lack of adequate resources, impaired the country's crime-fighting capacity.

Specifically, the following are the main features of the failed economic state of the nation, which has characterised the past 13 years:

LOW LEVELS OF ECONOMIC GROWTH

Over the 13 years that the Prime Minister has been at the helm of the Government, the economy has shown marginal growth, in real terms, with the total growth in gross domestic product (GDP) achieved over the 13 years of his stewardship, being what some developing countries achieve in one year!

The Prime Minister, during his tenure, has set up many committees to deal with growth, had many consultations, made many speeches – in fact a book of his speeches on development strategies was published recently – and produced the still-born National Industrial Policy and other policy documents aimed at engendering economic growth in

the economy. The net result: failure.

He has certainly talked the talk in terms of economic growth. In fact, in one of his budget presentations was dubbed 'Going for Growth'. He has, however, failed miserably to 'walk the walk' and is on the verge of leaving the country in total economic shambles.

HIGH LEVELS OF UNEMPLOYMENT

Aligned to the above is the high level of unemployment and underemployment existing in the country, primarily among the younger segments of the population.

While the statistics published by the Government each year indicate an unemployment rate in the mid teens, the reality is quite

different. A number of analysts are of the firm view that the rate of unemployment within the potential labour force is closer to 30 per cent when disguised employment, underreporting – those who have given up seeking jobs – and dubious classifications, for example some 400,000 individuals in the age group 14 years and over are categorized as "at home" and do not fall within the unemployment figures, are taken into consideration.

There is an undeniable link between the real high level of unemployment and the unbearable high crime rate in the country at this time.

Both need to be tackled urgently to allow for some measure of hope to be restored in the future of Jamaica, failing which we could end up as a failed State by whatever definition one chooses.

CRIPPLING DEBT BURDEN

A most disturbing feature of the economic state of Jamaica at this time is the crippling debt burden. Close to 70 per cent of the current budget is allocated to debt servicing. The total outstanding debt is a whopping 140 per cent of GDP, one of the highest rates among all countries in the world.

We have a difficulty in reconciling this high level of debt without any visible national assets to show. Yes, we are constantly being told of healthy net international reserves. But to what end? The reasoning given by the Ministry of Finance and other state agencies is that such healthy reserves allow us to borrow more on the international capital markets. The logic really escapes me since the objective should be to REDUCE the debt, NOT INCREASE IT!

"We have a difficulty in reconciling this high level of debt without any visible national assets to show. Yes, we are constantly being told of healthy net international reserves. But to what end?"