**The Blueprint to Success**

**Introduction**

Let me start by observing the convention of thanking those who facilitate my continuing Parliamentary and political service. My wife and family, my constituency team, my personal support team, and my Party and Parliamentary colleagues.

I also want to acknowledge the progress we have made over the past seven years, across two administrations, in implementing fiscal and economic reforms which continue to yield dividends to the economy. Low inflation and interest rates, a declining debt to GDP ratio, more fiscal space, falling unemployment levels, and encouraging levels of investment.

Nuff credit is due to then Minister of Finance, now Opposition Leader, who led the negotiations and supervised the implementation of the 2013 IMF programme. Credit is also due to his successor Ministers of Finance who continued a programme of fiscal and economic reform.

Let us not forget the contribution of the many others who helped us through the toughest times of that programme:

The Most Hon. Portia Simpson-Miller, who persuaded the congressional black caucus to lobby on Jamaica’s behalf. Her lifetime of advocacy for workers and the poor undoubtedly helped to legitimize the austerity programme that was implemented.

The current MP for South St. Andrew, who as Minister of Justice, and Chair of the Legislative Committee of Cabinet enabled all the benchmark target legislation to be achieved. The quantity and quality of the legislation brought to Parliament during his stewardship was outstanding.

The contribution of Portfolio Ministers such as the members from C. Kingston and E. St. Thomas, who had some of the toughest roles to play as Education and Health Ministers respectively, are often overlooked. It would have required enormous effort to motivate the teams, maintain the facilities, and deliver results in the face of woefully inadequate resources.

Finally, the most important contribution was made by public sector workers, and workers and consumers generally, who collectively made the greatest sacrifice to ensure fiscal sustainability.

**Review and Context**

Last year my presentation was entitled “Inclusive Growth: Level the Playing Field.” It presented recommendations that were grounded in empirical analysis. One year later, most of the key elements from that presentation are still relevant and accurate today, and so much is left to be done.

I will highlight that my friend - the Minister of Finance - not only consulted me on one of my recommendations in that presentation last year, but went on to implement it in his Budget earlier this year. That recommendation was to raise the turnover threshold for GCT registration to remove the burden of filing and paying for many small businesses. A gentle reminder that there was a small defect in the implementing legislation that was identified by the Opposition Spokesman on Finance, but has still not been corrected.

The central point of my presentation last year was that the MSME sector has to become the catalyst for the development and inclusive growth of the private sector. The MSME sector can support innovation, competitiveness, wealth creation, and social stability.

I am more hopeful this year, not so much because of any new government policy, but a growing recognition by private sector leadership of the importance of the MSME sector to economic growth and economic inclusion.

Recently, the PSOJ President gave a speech where he recognized that SME’s employ 70-80% of the workforce but only get 11% of private sector credit and 26% of bank loans. And there has been more than just talk, as an access to finance facilitation panel has been set up under the auspices of the PSOJ by the Jamaica Bankers Association. I spent many hours at their workshop on SME financing at Terra Nova recently, listening to small businesspeople give the senior bankers a ‘piece of dem mind’ about how they are treated by the banks.

I acknowledge the leadership that Howard Mitchell and Keith Duncan are bringing to the effort. However, a more powerful motivation is now operating as blue chip companies bypass banks entirely and directly access the capital markets for funding. Spreads are being squeezed on corporate loans and asset-backed consumer loans, and spreads have disappeared almost entirely on government paper. Bank profits are being propped up by fees and FX trading as the exchange rate bounces around erratically, but that is not sustainable in the long run. Banks will have to re-learn how to do cash flow and business cycle lending to SMEs if they are to continue growing business.

**EDUCATION & TRAINING**

Often when we speak about the entrepreneurial spirit of Jamaicans we overlook why many are entrepreneurs in the first place. The majority of our firms in the MSME sector are poorly financed and globally uncompetitive. This is reflected in the Global Entrepreneurship Monitor (GEM) data related to the motivation for entrepreneurial activity in Jamaica. With regards to necessity based entrepreneurship, Jamaica ranked number 2 in the last report. While for opportunity-based entrepreneurship, Jamaica was at the very bottom, ranking 64th out of 64 countries.

This is unacceptable, yet we have seen little effort to guide this and the next generation of entrepreneurs towards economic growth that is broad based and inclusive. Inclusive means that economic growth filters through the entire economy, creating entire new classes of jobs, and spurring innovation. That kind of inclusivity is a pipe dream if the education systems are not addressed.

Education is not an easy fix but we must begin with the end in mind. We must start with a focus on envisioning what Jamaicans of the future will need to learn, and what jobs we are preparing them for.

Artificial Intelligence and robotics are rapidly being developed and the inevitable outcome of this is that the workforce will be radically changed. Jobs that exist today might not exist when our children are ready for the work world. We have to change the approach of our educational sector from retaining and regurgitating knowledge, because our children have been born into a world where they don’t even need to remember phone numbers or know directions.

Critical thinking, collaborative working, team building, and conflict resolution are skills that will become more valuable than ever.

The world is changing too rapidly for my Sectoral Presentation of 2020 to mirror that of 2018. Even more urgent is adapting our education and training system to start producing the workforce of the future. Even while unemployment has declined, so too has worker productivity. Because of an ineffective education system, we are caught in a low skill and low wage cycle. That is unacceptable.

**Workers Rights**

A secure and motivated workforce has unlimited potential. It makes no sense to produce bright, capable minds if the workplaces don’t have the human resource development framework to nurture them. The right to sick leave with pay, vacation leave with pay and maternity leave with pay are rights that are hard won and must be preserved so that the employees have a stake in productivity at the workplace. We believe that we may need to revisit some things from the way we did them in the past. For example we may need to replace the severance pay schemes with unemployment insurance that we believe is a better and more reliable way to protect Jamaicans from uncertainty.

We cannot credibly speak to economic inclusion without addressing the inclusion of persons with disabilities. A close colleague who is an expert in this area tells me that 80% of persons with disabilities are poor not by accident of birth, but because of inadequate access to educational and work opportunities. A study by Floyd Morris indicated that 91% of those interviewed were unemployed. Work opportunities for persons with disabilities needs to move from charity consideration to a rights issue. It is a complex issue which goes beyond building access ramps, so I am only signaling here that this issue must be on the active agenda of the Labour and Industry and Commerce Ministries going forward.

**Crime and Insecurity**

Crime and corruption have been identified by the PIOJ as the two greatest obstacles to growth and development. There is another crime related debate in the House today that I plan to participate in, so I’m not going to cover that area in this presentation.

The parable of the Pharisee and the tax collector who go to the temple to pray, should be at the forefront of our minds when we raise the issue of corruption. In Lk. 18:11, the Pharisee in prayer says - “God, I thank you that I am not like the other people: swindlers, unjust, adulterers, or even like this tax collector.” While the despised tax collector in praying merely berates himself as a sinner. Jesus says that the tax collector, not the Pharisee, went home justified that day. So a candid assessment of our own faults is always a good place to start before we criticize others. Our audience is a skeptical public, and we must be credible in our communication.

On the other hand, the oft quoted statement from the gospels that “He who is without sin, cast the first stone” was not an invitation to mediocrity, or an excuse for a lack of accountability. So the refrain of some apologists that effectively says “We may be corrupt, but so were you!” is just not acceptable.

Public corruption bleeds resources from legitimate development, and compromises the independence of political decision-making, so we must successfully confront it. During my time as Minister of National Security, I made the policy decision to implement the Major Organized Crime and Anti-Corruption Agency (MOCA) for just this reason. I am calling on the government to increase the resources for this agency to enable them to quickly respond to the multiple cases of corruption confronting the society.

**Supporting Eco-System**

Last year, I spoke about the need for Jamaica to become more discriminating with our choice of investors and investments. This still remains true, because an economically independent Jamaica cannot be primarily obligated to the interests of outside parties.

We must seek investment that develops sustainable growth, strengthens the rule of law, and builds our capacity to stand on our own two feet. We must also ensure that the economic conditions exist for the local private sector and the MSMEs, in particular, to flourish and grow.

We must create a supportive eco-system that harnesses the true potential of the Jamaican entrepreneurial spirit. One that creates a pathway to success for all to achieve their Jamaican dream, however defined. Such an eco-system has to include:

1. a robust e-commerce platform that supports local business
2. Increased use of technology in traditional industry and agriculture
3. The establishment of business clusters to increase productivity
4. Access to credit and financing on a timely basis
5. A risk-adjusted, size adjusted, Know Your Customer regulatory framework

Government, including regulators, must partner with the private sector to ensure that this supportive ecosystem is achieved.

**Conclusion**

If the local private sector and MSMEs flourish, Jamaica’s economy will grow in a manner that benefits everyone. Seven years of IMF programmes and economic reform has been necessary to create economic stability, but insufficient to create high rates of economic growth. These high rates of growth with equity can only be achieved with a business and social revolution that unleashes the potential of the MSME sector and creates inclusive economic growth.

Thank you.