



Positioning For Growth

BUDGET DEBATE PRESENTATION

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PRIME MINISTER

A “good” budget is one that is loaded with goodies and a “good government” is one that presents “good budgets”.

“...In human anatomy, obesity is not a sign of good health; it is a silent killer. In a country’s fiscal anatomy, obesity is as lethal a killer....”

“....All of what we seek to do, reflected in the structure of this budget, is part of a process. We cannot change the fortunes of this country overnight especially in the face of the difficult times the global economy is going through. We did not get into this predicament overnight and it will take time to get out of it....”

“.....Mother Teresa once said “I know God will not give me more than I can handle. I just wonder how He has so much confidence in my ability to handle what he has given me”. I say a prayer every morning that ends with the same supplication. I ask not for a lighter burden; I ask only for broader shoulders.....”.

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Budget context

Every government, in presenting its budget, desires to be able to do more and spend more. Budget debates traditionally provide the occasion for grand announcements of projects and programmes to address every possible need, satisfy every important segment of the population.

For many people, that has come to be the standard by which a government is judged and a budget is assessed. A “good” budget is one that is loaded with goodies and a “good government” is one that presents “good budgets”.

The Leader of the Opposition spoke passionately about the needs of the poor and vulnerable and of the difficulties faced even by those who are not entirely poor but still vulnerable. She is absolutely right. I say, with absolute respect, and with no offence whatsoever intended, that she has no monopoly on compassion. We know that many people are having it hard and there are needs to be met.

That is what budgets, year after year, have tried to do – spending more, trying to do more. Our noble intentions were hardly ever deterred by the fact that our revenues were not sufficient to cover our spending. We simply borrowed the difference and kept on borrowing the difference.

For the last 14 consecutive years, we have been spending more than our revenues can cover. Up until 1995/96, our revenues and grants were sufficient to cover our recurrent expenses including interest payments. We did have to borrow to meet our capital expenditure and the principal repayment on our debt but we didn't have to borrow to pay our bills.

I have noted that that was the year we said goodbye to the IMF. Every year since then, we have piled up deficit on top of deficit with an accumulated shortfall of almost \$480 billion. Our recurrent expenditure has grown at a rate three times as fast as our revenues (76% vs 24%). Yet, our needs, ostensibly the object of all these “good budgets” loaded

with goodies have still not been adequately met. We still have bad roads that need to be fixed, water supply systems that need to be upgraded, new schools that need to be built, poor people crying out for assistance. We have lived a fiscal lifestyle in which we put on weight but we don't grow. We accumulate fat but we build no muscles. And as we put on more weight, the muscles that must bear that weight become weaker, the pressure on our heart becomes greater and we have difficulty in moving around.

In human anatomy, obesity is not a sign of good health; it is a silent killer. In a country's fiscal anatomy, obesity is as lethal a killer.

It is in that context that this budget has been framed. It is not the traditional budget promising to do more, spend more, leaving the revenues sputtering behind. This year, for the first time ever, the budget is substantially less than last year's and we have started to shrink the gap between what we earn and what we spend.

The “spend more” option

The Leader of the Opposition says that is exactly the opposite of what we should be doing. She says that “more developed countries and progressive governments” have been spending more in order to boost aggregate demand and that is what we should be doing. The important difference is that those countries had built up surpluses that they were able to use to finance the big spending to boost aggregate demand.

I note with some interest that that was not the position taken by the Opposition Spokesman on Finance. He pointed to the impact that the budget cuts would have but he didn't suggest that what we should do is spend more.

We might have been tempted to do that as we have done in the past, so long as we could keep borrowing to pay for what our revenues could not cover. When we got clobbered by the global recession, that game was

over. The fallout in bauxite, remittances, exports, revenues, the financial markets changed that ballgame. We were facing a crisis of monumental proportions.

The Minister of Finance has recounted the strategies we used to head off that crisis – the support we were able to mobilize from the multilaterals, the painful tax increases we had to impose, the fiscal compression we had to apply, the necessary re-engagement with the IMF and the strictures that come with that.

We weren't able to mount the massive stimulus packages that some countries did. We did as much as we could and it helped as it could. What we couldn't do was to try to spend our way out of the crisis because we would have had to borrow every single dollar that we spent, digging ourselves into an even deeper hole.

As the data shows, the economy registered a 2.7% decline last year. Unemployment rose from 10.6% to 11.4%. That is a matter of real concern to us. The statistics are bland and impersonal. The impact on the people, the effect on people's lives is cold and harsh – people who have lost their jobs, the small traders who spend the day in the sun without making a sale, the struggling families that have to juggle between paying the rent and buying food. No one needs to dramatize for us the hardship that people are going through.

I know that this is grist for any Opposition mill. I neither begrudge them nor seek to deny them their moment in the shade.

I also know it is no comfort to those who are suffering but the performance of the economy last year must be put in perspective. Is it not remarkable that in her two-hour presentation the Leader of the Opposition did not make even one mention of the global economic crisis and its impact on Jamaica? We are an island but in this economic turmoil we are not an island unto ourselves.

Let me use one illustration. We don't consume one ounce of the bauxite or alumina we produce; every grain of it is exported. It accounts for more than 50% of our total export earnings. When the global market for

bauxite and alumina collapsed, three of our four alumina plants were shut down. One third of our export earnings was wiped out last year, not to mention the substantial loss in revenues. Of the 2.7% that the economy declined last year, bauxite and alumina accounted for 1.9% of it!

How we stack up with the rest of the world

Yes, our economy fell last year by 2.7% but, despite the massive stimulus packages some were able to mount, the economies of most countries of the world, also fell, many of them worse than ours did:

GDP Outturn 2009 (Selected Countries)

WORLD	-2.2%	UK	-4.9%
USA	-2.4%	Germany	-4.9%
Jamaica	-2.7%	Italy	-5.1%
Trinidad	-3.0%	Barbados	-5.3%
Spain	-3.6%	Japan	-5.7%
Eurozone	-4.0%	Antigua	-6.5%
Puerto Rico	-4.5%	Mexico	-6.8%

Seen in this context, our 2.7% decline last year is nowhere as bad as it could have been and, for that, we must acknowledge the significant contribution made by the agriculture and tourism sectors. Agriculture grew by 12.1%, an outstanding achievement in a time of weak purchasing power. In tourism, Jamaica led the entire Caribbean with 3.6% growth in stopover arrivals despite the global downturn. I commend the work of the Minister of Agriculture and the Minister of Tourism and the teams that they lead.

The Opposition has attacked the budget as not being credible and bases its assertion on the fact that our targets and projections had to be revised more than once or were not met. If that charge is to be upheld, it

could not be confined to Jamaica; it would have to be directed at many of the leading economies of the world and institutions such as the World Bank and IMF. They, too, would have to be declared as not credible.

- The World Bank, IMF and the Federal Reserve were all forced to revise downwards their GDP projections for last year – not just once but, in the case of the IMF, three times and two of the three still got it wrong.
- We did not meet our revenue target last year. It fell short by 10% but we did increase revenue collections by 8% due, in part, to the tax increases we had to impose. The UK, on the other hand, saw a fall in revenue collections of 8% and the US 14.6% – as a percentage of GDP, the lowest in 50 years!
- Our fiscal deficit ended up at 10.9% due to the fallout in the economy but, in part, to payouts related to the debt exchange programme. But the deficit in the US was 12.9% and in the UK 11.8%.
- The number of unemployed in Jamaica rose last year by 22%. It rose by 35% in UK and 60% in the US.
- The Opposition highlights the fact that the public debt has grown by 55% in the last 2 ½ years. It is a matter of deep concern for us as well. But when a country suffers the kind of body blows that we have, even as you cut expenditure, you have to borrow to fill the gap. Again, we are no different from many other countries. In the last 2 ½ years, the national debt in the US has grown by 60% and in the UK by 55%, the same as us.

In this unprecedented global crisis, not even the most respected economists could see through the storm with any accuracy.

Forging our way through tough times

All of what we seek to do, reflected in the structure of this budget, is part of a process. We cannot change the fortunes of this country overnight

especially in the face of the difficult times the global economy is going through. We did not get into this predicament overnight and it will take time to get out of it.

Yes, we have been through tough times and it is not yet over but with God's help we have guided Jamaica's economy through the worst crisis it has ever faced and this government, the Ministers who work hard, the members on this side who support us have nothing to be ashamed of.

We may have faltered at times for the road has many dangers, toils and snares. At times when the nation demanded immediate action, we may have appeared contemplative because the country has never been thrown on such a battlefield before.

We may not have communicated with the people as well as we should have because the heat of the battle doesn't always allow for extended conversations. We may be battered and bruised – such is the inescapable toll of a fierce battle. But our courage has never wavered; our resolve is firmer than ever, our troops are advancing. It was Winston Churchill who said if you are going through hell, don't pause, don't stop there, keep going. We have kept going and victory is in sight.

The Minister of Finance, despite the detractors who pounced on him from the very day he took office, has done well. He has faced the most difficult task of any Finance Minister and he and his team deserve our respect and commendation.

Survey of Living Conditions

The Opposition Spokesman on Finance questioned the delay in the publication of the Survey of Living Conditions. The delay is due to a variety of factors including the fact that periodically, as he knows, we do an extra large sample (in this case three times the normal size) which requires more time. The SLC-2008 should be published in July and SLC-2009 is expected to be ready for publication in October.

Hearing the people's cry

We have asked the people of Jamaica for their patience and understanding. We know how tough it is especially for the poor, unemployed, low wage earner and even for the middle class. We see them in our constituencies. We talk to our helpers. We know the difficulties they are facing.

Despite the tight fiscal constraints and our obligations under the IMF programme, we have sought to provide support for the most vulnerable by significantly expanding our social safety net programmes. The Minister of Finance has already enumerated the figures but they are worth repeating.

PATH

We have more than doubled the allocation for the PATH Programme since we came to office and increased the number of persons receiving benefits by 50%.

We are going to create a new category of beneficiaries for the very old or disabled, many of whom are not on the programme for varying reasons including failing to qualify when the standard criteria are applied but who have special needs because of their infirmity or disability. The World Bank has approved a grant of US\$2.6 million funded by the Japan Social Development Fund to enable us to target this vulnerable group. We estimate that some 10,000 persons will benefit through this intervention

School feeding programme

Many children of the poor go to school without having had a proper meal. Hungry children cannot be blamed if they don't learn.

In 2 ½ years, we have tripled the allocation for the school feeding programme and doubled the number of children who benefit.

Abolition of tuition fees

We gave a commitment to abolish tuition fees in high schools so that no child would be kept out of school because his parents who have to find the bus fare and school uniform cant find the school fees. We have kept that commitment.

The Opposition Spokesman in Finance says that we should reinstitute the cost-sharing programme so that those who can pay are made to pay. He says we should apply a means test to determine who can pay and who cant.

- How is that means test to be conducted?
- What means of validation will you use to determine who can pay?
- How much will you be able to collect from those and how much of that will be used to cover the cost of doing the means test?

I don't recall hearing the Leader of the Opposition call for tuition fees to be reinstated, yet, the Opposition Spokesman on Finance is calling for it.

Abolition of hospital charges

We have kept our promise to abolish hospital user fees because when people get sick they must not be forced to stay home and die because they cant find the money to pay the hospital charges and although funds are tight, that commitment is here to stay.

It has posed challenges because more people are coming to the hospitals seeking medical attention. But is the Opposition concerned enough to figure out where they went to get attention when we used to charge fees?

We know the removal of user fees has put strain on the supply of drugs. We have responded. Since the abolition of user fees, we have doubled the allocation provided for the purchase of drugs for our hospitals.

We are sourcing cheaper drugs so that the money can stretch further to buy more drugs. Tomorrow, the Minister of Health will be signing

contracts valued at \$2.3 billion for the purchase of drugs representing a saving of more than \$400 million on what it would normally cost us.

I have never heard the Leader of the Opposition call for hospital fees to be reinstated, yet, the Opposition Spokesman on Health insists that it must be done.

Dialysis Treatment

The Leader of the Opposition reminded me that we have not built the dialysis centres we promised. Conditions have not yet allowed us to do that but we have increased the number of dialysis machines from 38 to 63, so that more kidney patients can receive treatment.

National Insurance Scheme

The National Insurance Scheme is the lifeline for thousands of persons when they get old and can no longer work. The Opposition Spokesman on Finance has expressed concern that the cost of NIS benefits as well as its contribution to the National Health Fund and the NI Gold programme exceeds the inflows from NIS contributions. That is so but not just because of the debt exchange programme, as he has claimed. It first became so in 2004, long before the debt exchange.

Interest income fluctuates with changes in interest rates and will decrease if there is a fall in interest rates whether that fall comes about because of a debt exchange or normal monetary policy. Even fixed-rate instruments can have a positive or negative effect on interest income depending on whether the interest rate prevailing at any given time is above or below that fixed rate.

The government has taken the decision to increase the wage cap used in calculating NIS contributions from \$500,000 to \$1,000,000. Although this will increase the value of contributions and mitigate the reduction in interest income resulting from the debt exchange, the member knows

from discussions we had at Jamaica House from May last year that this was planned.

The increase in the cap became necessary to restore the value that had been eroded by inflation. The cap was last increased in October 2003. Inflation since then is 115%. The new cap of \$1,000,000 is still below the real value of what it was then.

There are issues of concern – the widening gap between benefits paid out and contribution inflows, the fact that people are living longer require more extended periods of pension payments and, importantly, the fact that persons who joined the scheme at the start of their working life when it was established in 1966 are now becoming eligible for pension.

The last actuarial review was done in 2005. The next review is to be carried out this year and that will provide us with the basis for determining what changes need to be made to ensure the sustainability of the Fund over the long term without diminishing the real value of the benefits to contributors.

The Fund, however, remains robust with a net asset value as at the end of February of \$61 billion.

Increased NIS benefits

NIS benefits were last increased in 2008.

The increased contributions arising from the lifting of the wage cap will enable us to increase the benefits to pensioners and other beneficiaries without impairing the value of the Fund. It will also increase the flows to the National Health Fund which commands 20% of NIS contributions.

The increase in the wage cap from \$500,000 to \$1,000,000 will take effect on June 1, 2010.

NIS flat rate contributions payable by domestic workers, self-employed persons and voluntary contributors which has remained at \$20 per week for many years will be increased to \$50 per week effective June 1, 2010.

With effect from June 1, 2010:

- Pension benefits payable under the NIS will be increased by 20%.
- Other benefits including maternity allowance, employment injury, disablement and death benefits, funeral grants, old age grants, invalidity grants, widows and orphans grants will be increased by rates ranging from 11% to 33⅓%.
- Benefits under the NI Gold programme such as payment for prescription drugs, diagnostic procedures, dental and optical services will be increased by rates ranging from 25% to 50%.

The details of the various increases are set out in a Ministry Paper which was tabled today by the Minister of Labour & Social Security.

The NIS provides for a pension eligibility age of 65 years for men and 60 years for women. Typical pension schemes make no such distinction. In the public sector, for example, the eligibility age for men and women is the same.

It is proposed to unify the eligibility age for NIS pension on a phased basis. Commencing in 2011, the pension eligibility age for women will be increased by one year each year until it equates with that for men, i.e., 65 years, in 2015.

Increase for government pensioners

Government pensioners are not to be left out. There are over 25,000 persons currently in receipt of government pensions. The adjustments to the budget that the Minister of Finance sought during the Standing Finance Committee deliberations included a provision of \$500 million for increases to government pensioners this year. There is a normal process of consultation with the Jamaica Government Pensioners Association before a final decision is taken as to how the increased amount is to be apportioned. Those consultations will commence shortly and the Minister of Finance will provide the details to the House in due course.

Improved NHT benefits

The ability of NHT homeowners to meet their mortgage payments is a matter of concern especially at this time when they are faced with so many challenges. First-time buyers find that even when they can manage the mortgage payment, they cant find the downpayment.

The NHT has approved the following new measures:

(1) Reduced mortgage rates

Mortgage rates will be reduced by 1% across all four income bands:

Income	Current	New
Under \$7,500	2%	1%
\$7,500 - \$10,000	4%	3%
\$10,000 - \$20,000	6%	5%
Over \$20,000	8%	7%

(2) Reduced mortgage rates for new applicants 55 years & over

There are many contributors past the prime of their lives who do not own a house and whose hopes of ever doing so are fading as they get older. We must improve their chances.

Accordingly, first-time applicants who are 55 years and over who have contributed to the NHT for not less than 10 years and who fall in the 3%, 5% and 7% bands will qualify for a 2% reduction in their mortgage rates. In other words, they will pay 1%, 3% or 5% depending on their income band.

(3) Subsidy Programme

The NHT will allocate 40% of its pre-tax surplus at the end of each quarter to provide subsidies to selected mortgage applicants who earn less than \$10,000 per week and who have been contributing

to the NHT for not less than 10 years. The existing points criteria will be used in selecting applicants for this benefit.

(4) No downpayment for scheme units and serviced lots

Qualified applicants for scheme units and serviced lots will no longer be required to pay the minimum 5% deposit. They will, however, be required to pay the legal and professional fees associated with the mortgage agreement.

(5) Reduced interest rates on selected loans to developers

In order to encourage private developers to build affordable houses for NHT beneficiaries, the interest rate charged on interim construction loans will be reduced from 8% to 3%. This will apply only in relation to two-bedroom units delivered at a cost not exceeding \$5.5 million and studio units not exceeding \$3 million. These loans will be for a maximum of three years.

(6) Deferred Mortgages

There are many NHT contributors who cannot buy a house because their income is not enough to qualify them for the mortgage.

We will be introducing a Deferred Mortgage arrangement whereby that applicant can qualify for a mortgage equivalent to 60% of the price of the house. The remaining 40% will be converted into a deferred mortgage to be repaid or refinanced at scheduled stages in the life of the first mortgage. This is a limited benefit and will apply only to 10% of the units in any one scheme.

This will apply to scheme units only. It will expand the affordability of many NHT contributors and enable them to purchase the house they would not otherwise have been able to afford. In effect, they will be able to buy part of the house now, take possession of the entire house and pay for the rest of it at a later date.

(7) Extended moratorium for Build-On-Own-Land and Construction Loans

Persons accessing BoL and construction loans are currently required to start repayment after 6 months. This moratorium will be extended to 12 months.

(8) Increase in loan ceilings

The maximum mortgage loans allowable will be increased as follows:

Type	Current Ceiling	New Ceiling
Scheme Units, Open Market Purchases & BoL	\$3.5M	\$4.5M
Serviced Lots	\$1.2M	\$1.5M
Construction Loans	\$2.3M	\$3.0M
Home Improvement Loans	\$1.2M	\$1.5M

Appropriate adjustments will be made in cases of co-applicants.

There are various other changes in the Housing Benefits Policy details of which are set out in the Ministry Paper which was tabled earlier. Some of these measures will take effect as of April 1, 2010. Others which require more detailed administrative changes will become effective July 1, 2010. In facilitating these changes, we must ensure that we don't impair the sustainability of the Trust. When the higher-end mortgage rates were increased in 2008, it was because the average interest rate charged on NHT loans were reduced below its cost of funds. In order to ensure that we don't return to this untenable position, the interest paid on contributors' refunds will be reduced from 3% to 2%.

Outstanding payments to public sector workers

Various groups of public sector workers have been agitating – not without cause. There are monies owed to them that we know we have to pay but we simply cannot find it at this time.

The amounts agreed but still outstanding for various groups of public sector workers total \$13.4 billion, \$9.4 billion of which was due to be paid this year and \$4 billion over the two subsequent years. These outstanding obligations represent commitments made before the deterioration in our fiscal situation and the compression measures that had to be applied to contain it.

The provision in this year's budget to meet these outstanding payments is only \$2 billion, hence the dilemma that has led to unrest among some public sector groups. We understand their anxiety. We have asked them to understand the predicament that the country is in.

The Opposition has accused us of showing disregard to public sector workers. This is simply not true. The government has not been stingy or unreasonable. As the Minister of Finance has already pointed out, we have increased the public sector wage bill by 50% in the last two years. There cannot be anything stingy or unreasonable about that. It is the retroactivity that we are grappling with and it is that that requires more money than we are able to find at this time.

We have had to freeze wages until we recover sufficiently. Some countries like Ireland and Greece and even Turks & Caicos applied more severe measures by actually reducing public sector wages.

We cannot afford to jeopardize the recovery programme or else all of us, not just the public sector workers, will suffer.

There have been times when in the heat of contentious discourse harsh words have been spoken on both sides that have caused offence. To the extent that I or any of my Ministers have been guilty of that whether in reference to teachers, nurses or any other group, we apologize and we recommit ourselves to working with them constructively and in a spirit of

harmony and mutual respect for the good of the country for we are all servants of the people, whether elected or appointed.

We are committed to finding an amicable way to resolve the impasse and, to that end I have invited the leaders of the respective public sector groups to a meeting on Thursday to see how, together, we can find a way that will enable us to move forward.

Swimming against the current to position ourselves for growth

Apart from the context in which the budget is constructed, it is important to understand its purpose and the direction in which it points. A criticism that has been made, not unexpectedly, is that the budget is not designed to stimulate growth. I challenge that assertion!

Budgets that continue on a path of recurring deficits are the enemy of growth. Budgets that depend on ever increasing borrowing, crowding out private sector investment, driving up interest rates and making government paper the most lucrative business in town can neither stimulate nor sustain growth.

What the budget seeks to do is to make a paradigm shift, to replace fiscal disorder with a new sustained order of fiscal discipline, contain government spending, reduce borrowing, cut interest rates and wean money off the breast of government paper so that it will start chasing investments that will create jobs and generate growth.

We won't get there in one year. Even as we embark on this programme of fiscal transformation, we expect to end the year with a deficit of 6.5% – down from almost 11% last year – but firmly set to achieve zero deficit by 2014.

The Minister of Finance has enumerated the important policy measures on which this transformation is anchored. There is no need for me to recite them here but there are two initiatives on which I must comment.

Public Sector Transformation

A major bugbear in doing business and investing – the things that are needed to facilitate growth and job creation – is the frustration posed by government bureaucracy. It is not as bad as some make it out to be but it is not anywhere as good as it needs to be. It takes too much time to get

things done, there are too many unnecessary procedures that have to be gone through, too many forms that need to be completed and too much time to get responses or decisions on simple matters.

The Public Sector Transformation Unit has completed its review of the structure of government, how ministries, agencies and functions can be rationalized for greater efficiency. The next phase involves determining how best to deploy the available human and material resources to support the effective operation of the structure.

The third phase, perhaps the most important, is to transform public sector practices to align responsibility, authority and accountability. Our philosophy is for every public sector employee to be fully aware of what his or her responsibilities are and how they relate to our national goals, to have the requisite authority to effectively discharge those responsibilities and to be held accountable for his or her performance in fulfilling those responsibilities and exercising that authority. It will require more than just a change in management systems. It involves a cultural change that will take time to be fully inculcated but we are beginning that process.

Government is the biggest business in the country. It is the most important business in the country and it must therefore become the most efficient business in the country.

Privatization

The privatization programme is critical for two important objectives, firstly, to relieve the burden of commercial activities that have drained the public purse and, secondly, to allow for private capital to make the kind of investment in these entities that the government is not able to make. The billions of dollars we have lost in these entities are part of what has caused us to be in the predicament we are in today.

Air Jamaica

I appreciate the sentimentality attached to Air Jamaica. I, too, am proud of the staff of Air Jamaica – pilots, flight attendants, ground staff and maintenance crew. They are not to be blamed for the losses Air Jamaica has racked up.

Ever since the deregulation of commercial aviation, the airline business has become a cut-throat business and our throat has been cut – over US\$1 billion in accumulated losses. It is just not possible to sustain these losses any longer.

It would have been ideal to keep it in Jamaican hands but no credible offer was forthcoming and every study that was done suggests that its chances of success hinge on it being merged with another carrier in order to achieve the economies of scale that it needs to survive.

Caribbean Airlines is committed to servicing the routes that are vital to Jamaica's interests. They will fly these routes under the Air Jamaica flag at least for the initial period and under licence from the government of Jamaica.

We have made provisions in the budget to satisfy promptly all our obligations to the staff of Air Jamaica, some of whom will be offered employment by Caribbean Airlines.

Our recurring losses in Air Jamaica will finally come to an end.

The House will be fully informed of the details of the agreement as soon as it has been concluded.

Sugar

We have already sold two of the five government-owned sugar factories. Our attempts to dispose of Frome, Monymusk and Bernard Lodge have, so far, failed to materialize.

We have been able to continue operations at the three factories and preserve the jobs of 2,300 sugar workers through a financing agreement

with Eridania Suisse of Italy under which it made an advance payment of US\$15 million against the delivery of 79,000 tons of sugar which was then used to plant the crop and prepare the factories, thus requiring no subsidy or loan from the government.

For the 2010 crop, the Cabinet has approved a similar arrangement with Tate & Lyle for the provision of 100,000 tons of sugar with prepayment of US\$26 million this year and US\$20 million next year to enable us to plant the crop and get the factories ready. The agreement is based on a reserve price of €370 per ton and a 50/50 share of the profit from the final sale of the sugar. Tate & Lyle was selected because it made a better offer than Eridania. The sugar workers can be assured that for the next crop their jobs are safe.

There is more encouraging news. Renewed interest has emerged in acquiring these three factories. Discussions with a potential buyer with strong financial credentials are well advanced. This would involve significant investment in factory capacity and the planting of additional acreage. It is not possible to make a definitive announcement at this time. I hope that the Minister of Agriculture will be able to do so by the time he speaks in the sectoral debate.

I wish to commend the Minister and the head of the Sugar Enterprise Privatization Team, Mr. Aubyn Hill, for the excellent work they have done not only to keep sugar alive but to give it the prospect of a new, exciting life.

Clarendon Alumina Production

The government, through CAP, owns 45% of the Jamalco alumina plant. What was once considered a strategic investment has become a heavy burden on taxpayers, in part, because of fixed-price forward sale contracts entered into between 2002 and 2005. With upward movement in production costs and downward movement in aluminium prices, we found ourselves in the awkward position where we were losing money on every ton of alumina produced. This is despite the fact that the plant

operates at a relatively high level of efficiency and we must continue to hail the outstanding performance of the workers and management at Jamalco.

We have had to provide up to now a total of US\$176 million to meet CAP's obligations to Jamalco. This is in addition to assuming US\$369 million of debt for monies borrowed through CAP to help finance past budgets and cover its share of capital investment costs.

We have entered into an agreement with a Chinese firm, Zhuhai Hong Fan, for the sale of CAP. The company has an alumina supply contract with the Aluminium Company of China (Chalco), China's largest aluminium company and has secured financing commitments from the China Development Bank. The sale is subject to the inherent rights of Alcoa, our joint-venture partner in Jamalco, which has a 90-day right of first refusal. Representatives of Hong Fan, Chalco, China Development Bank and Alcoa met in Jamaica last week and we are optimistic that the agreement will be consummated. This, again, would lift a huge burden from the backs of the Jamaican people.

Hong Fan is also committed to expanding the Jamalco plant from 1.2 to 2.7 million metric tons provided adequate long-term bauxite reserves can be assured. The Minister of Energy and Mining will give further details in the sectoral debate.

Norman Manley International Airport

The privatization of the Sangster International Airport has gone well. We have established an enterprise team to pursue a similar strategy for NMIA. We have already received expressions of interest from a number of reputable entities.

NMIA offers significant new economic opportunities. One such area of opportunity derives from the benefits that NMIA can offer for easier air travel between the Far East and sections of Europe, on the one hand, and South America, on the other. Currently, transit is made through a US gateway. In recent times, the US Department of Homeland Security

has introduced transit visa requirements for all but 36 countries. Passengers from all other countries are required to obtain transit visas in order to make connecting flights in the US.

NMIA which has significant excess capacity can provide a visa-free, hassle-free connecting point between these two ends of the world. It offers significant possibilities for increased business in the provision of services and supplies to aircraft and in-transit passengers. It is a window of opportunity that will not remain open for long. Other neighbouring countries also recognize these opportunities and we are moving swiftly to formally invite proposals for establishing NMIA as a strategic hub for transatlantic travel.

Port of Kingston

The Port of Kingston is a strategic asset because it serves as a major transshipment point for cargo moving between north and south and between east and west. Successful though it has been, it is highly leveraged by debt and its capacity is under-utilized, a situation made worse by the effect of the global recession on the volume of cargo passing through the ports.

Its potential goes far beyond the movement of containerized cargo. It can play a significant role in supporting industries engaged in manufacturing, assembling and packaging the products that go into those containers.

The privatization of the port is, therefore, being linked to the plans for the Caymanas Enterprise Zone to facilitate investment in manufacturing and logistics enterprises that will create far more jobs than are provided merely by the handling of containers. The Ministry of Industry, Investment & Commerce will give more details when he speaks.

Other legacy liabilities

There are other legacy liabilities that are not capable of being privatized at this point but which constitute burdens that must be lightened.

NROCC, for example, represents a debt of US\$442 million that we have to be servicing without any chance of receiving any portion of the highway tolls collected for several years to come. We continue to explore possible avenues of refinancing to reduce the cost of servicing this debt.

The financing of the next phase of Highway 2000 (Sandy Bay to Williamsfield), the completion of the Mount Rosser bypass and the link from Golden Grove to Drax Hall are issues which the Minister of Transport & Works will address in the sectoral debate.

Positioning for growth

Some have expressed disappointment that the budget doesn't contain grand announcements of mega projects costing billions of dollars that we don't have – like the Petrojam refinery upgrade that would have required us to find US\$663 million to finance or Highway 2000 for which we owe US\$442 million and climbing.

You can't look to the budget to finance investment and growth. What the budget seeks to do is to create the conditions that will facilitate investment and growth – proper fiscal management, reduced deficit, lower interest rates, less borrowing, confidence-building transparency and accountability.

We recognize that improving our fiscal dynamics is a necessary but not sufficient precondition for generating growth. The Minister of Finance has already appealed to the banks to demonstrate their commitment to the recovery programme by matching the reduced interest on government paper with a commensurate reduction in interest rates charged on loans. We know they can't do it all at once; they have contractual deposit arrangements that will take time to expire. But just as they responded so magnificently to the Jamaica Debt Exchange, we urge them to be as aggressive as they can in reducing lending rates and reinforcing the signal that the change has begun and it is time to rev up investment.

The transformation cannot be confined to the fiscal. We need a mindset change. It calls for bold new thinking and innovative practice. Many investment managers have spent the better part of a generation in which packaging government paper was how you designed a good portfolio. Project analysis and risk assessment were skills you were taught in business school but never needed to call on.

We must return to the day when bankers and investment managers will spend most of their working day with their clients going through the numbers, drilling down to the feasibility, stress-testing the projections,

reviewing the marketing programme, making sure the production costs are accurate. Only then will we see investment and job creation spurt and grow. That is the way we must go!

We must return to the day such as existed up to June 1996 when the government was a net lender to the commercial banking system, not a net borrower, when government deposited its surplus funds in the bank so that the manufacturers, farmers, exporters and service providers can borrow that money to start or expand their businesses, creating jobs so that our young people who leave school or graduate from university can find their way to the main street instead of being condemned to the backstreet.

Jamaicans are known for their entrepreneurial spirit – taking risks, getting a business started, working hard to make it grow. That spirit has been dampened by a volatile economic environment in which interest rates have often jumped so high that they would cripple a business no matter how well run. The bitter experience of FINSAC has scared away many who might have sought loans to start or expand their business. The attractiveness of government paper lured away those who might have invested without having to borrow.

We are changing that landscape. We are accelerating the reform programme to reduce bureaucracy, improve efficiency, make doing business simpler and friendlier. There are still challenges to contend with but we must complain less and do more.

Spanish investors came here, saw opportunities and invested heavily in Jamaica. Chinese investors are coming here, seeing other opportunities and investing heavily in Jamaica. They face the same challenges and inconveniences but that has not deterred them. They see in us what many of us have difficulty seeing in ourselves. I say to the many that sit and wait and complain and wait: Ask not what the government can do for you. Determine, instead, what you are prepared to do for yourselves and the government will do all it can to clear a path for you.

Partnership for Transformation

It is in this spirit that we are building the Partnership for Transformation, a critical alliance embracing the government, private sector, trade unions and academia to enhance social dialogue, create a shared vision, identify our goals and build consensus on the actions that are required for social and economic transformation.

We have established a monitoring and consultative network focused on six key issues:

- Tax Policy and Tax Administration Reform
- Fiscal and Monetary Performance
- Job Creation and Employment Strategies
- Rule of Law
- Education and Training
- Trust among Partners

It is an important partnership, one which we had invited the Opposition to join. They did for a while but have been absent from the table for more than six months.

The Leader of the Opposition has called for a National Growth and Development Platform. Let's start where we left off, expand it as we need to but let us build that partnership among the stakeholders who, together, can energize this country into growth and development.

There are sectors of the economy that will continue to need government intervention to get them going and keep them going. It may involve providing the right policy framework as is the case with the information and communication technology sector and we will shortly be bringing to Parliament a new ITC policy that will create new opportunities for investment and job creation and give Jamaica the competitive advantage it needs.

It may require technical support such as we are providing to the farming sector and which is bearing fruit as seen in the growth of agriculture over the last two years.

It may require providing special access to financing as is the case with micro, small and medium enterprises. Many have difficulty in accessing traditional sources of funding. Some do not have adequate collateral to secure loans.

Micro, Small & Medium Enterprises

We had previously provided \$1.7 billion in special concessionary loans through the Development Bank of Jamaica. This has been fully utilized and enabled us to disburse loans to 6,663 micro, small and medium enterprises providing employment for 9,612 persons.

We have introduced a Credit Enhancement Facility to insure up to 50% of the loan amounts so that borrowers whose collateral is weak can still access loans to get their businesses moving.

We are going to continue that programme this year. The DBJ will be providing an additional \$2 billion in loans to the micro, small and medium enterprise sector. These funds are separate from the regular lending operations of the DBJ through which \$1.2 billion was disbursed. Of interest is the fact that of the total loans disbursed, 22% went to agriculture and 33% went to manufacturing and agro-processing.

New investments

The Minister of Tourism spoke of the initiatives being pursued for new hotel construction and expansion projects, some of which are expected to come on stream this year.

There is good news for the people of Hanover who suffered a setback when Jockey International closed their plant two years ago. We have identified a major food manufacturer with a wide-scale distribution network in the US and Canada which is to set up operations at the site, providing hundreds of jobs. The Minister of Industry, Investment & Commerce will give further details in the sectoral debate.

The renewed thrust for the redevelopment of downtown Kingston will see the construction of the Digicel commercial centre and a multi-storey parking garage. Design work on the new headquarters for the Foreign Ministry is well advanced. A hotel and multi-storey apartment complex to be built on the eastern side of the Kingston waterfront is in advanced design stage.

Bauxite and alumina

I spoke earlier about the significance of the bauxite/alumina sector to Jamaica and the crippling effect the closure of three of our four alumina plants has had on the economy. UC Rusal has announced the planned reopening of the Ewarton refinery by mid-year. We welcome that announcement and, especially, the jobs that will be restored to the bauxite workers. We provided special concessions under the existing fiscal regime to enable the plant to be reopened.

The future of Alpart and Kirkvine remains less certain. If the global market for alumina continues to improve, we expect to see the reopening of Alpart but it is not possible to say how soon that will be.

Kirkvine faces two major challenges. It is the oldest of our plants and will require significant investment in new technology before it can achieve the desired levels of efficiency. Secondly, the type of bauxite reserves that remain, although in abundance, requires considerably more energy to process.

The future growth of the bauxite/alumina industry, not just Kirkvine, depends heavily on our ability to provide a cheaper source of energy.

Energy diversification

Our decision to diversify our energy sources with the introduction of natural gas is consistent with the energy policy that was tabled by the Minister of Energy and Mining last year. Pursuant to that decision, tenders were invited for the financing and construction of a Floating

Storage and Regasification Facility to be located on the south coast. Two tenders were received. We are awaiting the outcome of the evaluation process.

It is not only the bauxite/alumina sector for which access to cheaper energy will make a huge difference. In the highly competitive environment in which we operate where cost efficiency determines whether we are in or out of the market, cheaper energy will improve considerably our ability to attract investment, increase production and penetrate more deeply both the domestic and export markets.

Petrojam refinery upgrade

Concern was raised about the future of the Petrojam refinery upgrade. I mentioned that our portion of the capital costs would amount to some US\$663 million that simply could not be accommodated within the medium-term liability programme. But the project is one that we must pursue. It will not only give us the capacity to fully meet our domestic requirements for refined products but would also enable us to earn foreign exchange from the export of finished products and, in addition, further diversify our energy sources through the introduction of pet coke. It is also a flagship of our economic cooperation with Venezuela.

Given our liability limitations, we were able to reach agreement with Venezuela for a transfer of 2% of our shares which will now make Venezuela the majority owner and the joint venture will therefore be able to secure financing for the project without requiring a government guarantee.

The front-end engineering designs were completed in July last year, the value engineering exercise should be completed by September, financing has already been identified and we are getting closer to the start-up of the project. The Minister of Energy and Mining will provide the House with more details.

Roads

We are just completing the dualization of the Bogue Road in Montego Bay. Work is in progress on the dualization of Washington Boulevard between Molyne's Road and Dunrobin Avenue. The new Palisadoes road which will ensure that the airport is not cut off by tidal flooding is to start later this year. The China-funded major road rehabilitation project valued at US\$400 million is to start toward the end of the year. The Minister of Transport & Works will expand on these when he speaks.

Water

We have been experiencing the worst drought in more than 30 years and it has been having a terrible effect on farmers who have done so well over the last two years and on households that are deprived of this precious commodity.

We have tried to manage the crisis as best as possible, rationing and redistributing what is available where it is possible. We even contemplated cloud seeding but decided against it because of the unpredictability of its outcome and the potential damage to our fragile infrastructure.

We are hopeful that the recent rains herald an end to the long period of drought.

The budgetary allocations to the Ministry of Water & Housing for capital expenditure and the capital programme of the NWC are the largest ever, together totaling some \$9 billion and are primarily to finance several new water supply projects, the details of which will be outlined by the Minister in the sectoral debate.

Foreign Affairs

We continue to maintain an engaged and enlightened foreign policy stance at the regional, hemispheric and international levels.

We have remained resolute in the Conference of Parties on Climate Change, unwilling to engage in compromise on global warming caps and

carbon emissions that threaten the very existence of small-island states like ourselves where the bulk of our population resides in coastal areas. We have been at the forefront of the effort to build stronger relations within the Caribbean and Latin America and we are proud to have been selected as a member of the *troika* which developed the framework for the Declaration of Cancun that mandates the establishment of the Community of Latin American and Caribbean States, merging the Rio Group and the Brazil-led Summit of Latin America and Caribbean for Integration and Development.

The Conference of Heads of Government of Caricom will be held in Jamaica from July 4th to July 7th. Jamaica will assume the chairmanship in place of Haiti which asked to be relieved of the obligation given its need to concentrate on its rebuilding efforts. We will do so at a time when Caricom faces significant challenges in fulfilling its commitments to the regional integration process and in confronting the continuing impact of the global recession. Domestic issues such as crime and violence which are increasingly being replicated across the region and the need to recover lost ground in achieving our Millennium Development Goals are also prominent on our agenda.

Education

We have sought as best as possible to preserve the budgetary allocations to education. There have been reductions in some areas, the most significant being the allocation to the UWI. We know that this will pose difficulties for both the students and the University. I have had discussions with the Vice-Chancellor to determine how these difficulties can be worked through. The Minister is examining options as to how to ensure that students who might be particularly affected are able to continue their courses without interruption.

The funding of tertiary education is part of a debate that needs to be engaged. The former Minister of Finance attempted to do so some years ago but the discussion didn't proceed very far. Certainly, university

education must be financed, especially for students who are not in a position to meet the cost. How it is to be financed, whether from budgetary allocations, student loans, a special class of bonds, education-investment savings plans or a combination of all or some of these is what the discussion needs to be about.

The needs of early childhood, primary, secondary and tertiary education, all compete for the same tax dollar. There are simply not enough tax dollars to adequately finance all four. The Minister will seek to advance that discussion when he speaks in the sectoral debate.

The Ministry of Education has focused much of its efforts last year in implementing the programme for education transformation. This included the establishment of the Jamaica Teaching Council, the National Education Inspectorate, Grade 4 Literacy and Numeracy Tests and the application of information technology to improve schools management. The Minister will elaborate on these when he speaks.

There is one programme, however, which I must highlight. It is a sad indictment on the efforts and investment that have been made through successive administrations that over 70% of the students who leave school at age 16, numbering some 38,000, have passed less than three subjects, 28,000 not even one! They are referred to as “unattached youth” because they do not possess the academic qualifications that would attach them to a place of higher learning or the basic skills to attach them to a place of employment. They languish at home or loiter on the streets, the hopes and dreams that natural in every child receding rapidly into hopelessness and despair. The instinct to survive leads many of them into deviant behaviour and they become ready conscripts for criminal gangs.

The Career Advancement Programme (CAP) which was launched by the Minister last year is an important effort to address what is a human tragedy taking place before our very eyes. The programme is designed to give these young people two more years of schooling to retrofit their learning process and to equip them with basic, marketable skills.

Through collaboration with HEART/NTA, NYS and JFLL, we started in 11 schools involving approximately 1,500 students. This year, the programme will be rolled out to 54 additional schools. It is a rescue mission, the kind of which the Leader of the Opposition spoke, and we intend to continue expanding the programme until no boy or girl in leaving school will run the risk of being left behind.

Juvenile Correctional and Remand Facilities

The Armadale tragedy and the enquiry that followed brought into sharp focus the unacceptable conditions in which children in the custody of the State are managed. Last month, I advised the House of plans to establish a new juvenile correctional centre to eliminate the overcrowding that now exists and a new remand centre for boys so that none of them would anymore be placed in police lockups.

We have found it necessary to make changes to the plans originally announced. After detailed evaluation by the JDF which is undertaking the necessary works, it was decided that with the refurbishing of the Metcalfe Street Remand Centre which will have capacity for 250 children, it would no longer be necessary to utilize the former youth camp at Cape Clear. Also, it was determined that the site of the Copse Place of Safety in Hanover would provide better and safer facilities as a correctional centre than the Montpelier site as originally planned.

The refurbishing of the Metcalfe Street Remand Centre will cost \$149 million and that of Copse \$292 million. The amount of \$274 million which is included in the budget for Montpelier and Cape Clear will be supplemented by a provision of \$100 million under the Citizens Security & Justice Programme as well as grant funds that have already been identified.

Work has started on Metcalfe Street and should be completed within 4-5 months. Work will commence shortly on the new Juvenile Correctional Centre at Copse and is expected to be completed within 18 months.

Fighting corruption

Our resolve to put in place effective measures to stamp out corruption remains firm. The Bill to establish a Special Prosecutor to place prosecutorial authority at the centre of our anti-corruption efforts is still before a Joint Select Committee of Parliament. I urge the members of the committee to conclude its deliberations as early as possible so that the matter can be brought back to the House.

The Contractor-General has suggested the establishment of an independent National Anti-Corruption Agency. That is exactly what we had proposed. Our original idea was only modified to take account of the paramountcy given in the Constitution to the DPP in criminal prosecutions, a provision that can only be altered by a two-thirds majority in each House of Parliament. What we, therefore, sought to establish is a legal office with all the necessary prosecutorial authority subject only to the overriding direction of the DPP.

While we pursue passage of the modified proposal, we stand ready to have discussions with the Opposition on the position put forward by the Contractor-General. Every person who is inclined to engage in corrupt practices must be made to understand that there is someone vested with the necessary authority who will hound him down all the way to prison.

Crime

The level of crime and violence, particularly murder, shooting, violence against women and children and extortion, is a matter of grave concern to us and, indeed, to all Jamaica.

We have taken a number of measures to strengthen the capacity of the security forces including improving their forensic capabilities, restructuring essential intelligence and crime-fighting units such as the Transnational Crime and Narcotics Division and decentralizing resources to enhance capability at the divisional level. We have increased the number of police vehicles to 1,750, the highest it has ever been.

Efforts continue to improve the management of the Police Force through more rigorous recruitment and training. In the recent recruitment exercise, over 40 of the applicants were university graduates.

The drive to rid the Force of corruption continues to be intense. 64 members were arrested and charged last year for varying offences.

Last year a total of 18,907 arrests were made, up from 16,582 in 2008. 569 guns and 6,068 rounds of ammunition were recovered.

Despite these efforts, we are not reaping the success that is desired.

The Leader of the Opposition has called for a partnership and has committed the Opposition to that partnership in tackling what is our most serious national problem. Naturally, we welcome that commitment. It is in that spirit that we had invited the Opposition to name a representative to the National Security Council and the Opposition Spokesman on National Security has participated actively in the work of the Council. Through his participation, he is aware of the challenges we face, the measures that have been taken to respond to those challenges and the disappointment we all share that the problem is getting larger, not smaller.

While I welcome the commitment given by the Leader of the Opposition and will seek to discuss with her how we can actualize such an approach, we need a much broader front for which that effort can be a catalyst. We need a national consensus on the type of counter-offensive that must be mounted against the criminal forces.

We and others outside of this Chamber spend a considerable amount of time shouting at each other, unwilling to coalesce around any solution, each one proffering his own and proffering blame.

Crime fighting strategies must be appropriate to the crime that has to be fought. For too long we have allowed criminals to test our will and test our willingness to destroy theirs.

Societies that face extraordinary threats apply appropriate measures to deal with those threats. The emergence of terrorism as a transnational threat to the safety and security of citizens forced countries like the UK,

Canada and Australia – countries whose commitment to the rule of law is hardly ever assailed – to adopt measures that they would never have contemplated prior to 9/11. Some instituted sunset clauses or specified review periods signaling that they knew these were extraordinary measures that they would not want to become permanent but signaling, as well, that when the security of the state is in danger, ordinary measures cannot be relied on to protect it.

The anti-crime Bills have languished because of a lack of consensus and, indeed, strident opposition from some interest groups. They will be reintroduced in the House within the next few weeks and I hope that in the new spirit of cooperation and in the heightened anxiety that crime has created, we will be able to find the consensus to do what needs to be done.

We will also bring to Parliament anti-gang legislation to discourage and enable law enforcement agencies to more effectively dismantle criminal gangs. Today's criminal networks did not exist when the existing law enforcement powers were created. The spanner we have was never made to fit the nut we have to crack.

The regulations to allow for the use of plea bargaining have been reported on by the Regulations Committee and it is for the House now to confirm those regulations so that this important tool can be brought to bear in solving crime. This will play a significant role but the suspect has to be apprehended before he can be invited to bargain a plea.

The Police are frustrated at the type of criminal activity they are called upon to protect the society from and the inadequacy of the tools they are given to do the job.

A concern among those who oppose the use of tough measures stems from a lack of trust in the security forces. This is not without cause, given the evidence of abuse of which some of them have been guilty. That is not something we can ignore but we can restrict the use of extraordinary powers to senior levels within the Police Force and subject them to stringent oversight and accountability.

The Bill establishing the Independent Commission of Investigations has been passed and we expect that the Commission will be in place shortly so that it can bring a new sense of transparency and accountability to the conduct of the security forces and the protection of the rights of the citizens.

Legislation to facilitate the use of DNA evidence has been drafted and will be brought to Parliament later this year. That is a critical tool both for convicting the guilty and ensuring that the innocent is not convicted.

There is a range of social intervention programmes administered through the Ministry of National Security and the Ministry of Youth, Sports & Culture that will be continued.

The inflow of guns into Jamaica is what facilitates most of the murders that are committed. The security forces recover, on average, 600 guns each year. We suspect that a greater number enter the island each year, creating an ever increasing arsenal of illegal weapons snuffing out lives with callous brutality.

The overwhelming majority of guns coming into Jamaica are of US manufacture. A resolution before the United Nations for an international convention to restrict the illegal trafficking in small arms is still the subject of negotiations. In the meanwhile, we intend to renew our efforts to strengthen bilateral cooperation with the US with a view to addressing the flow of illegal guns from the US to Jamaica with the same vigour that we seek to apply to the flow of illegal drugs from Jamaica to the US.

Justice

The justice system is an integral part of the crime-fighting equation. It is a vital part of our social infrastructure but it is overburdened.

Last year, we carried over in our courts 234,000 cases from the previous year. 243,000 new cases were filed. We disposed of 195,000 cases. The backlog continues to grow.

We are doing all we can within the limitation of our resources to address the problems:

- We are expanding the case management programme and training more judges, public and private attorneys and court staff in case management practices.
- We have installed real-time court transcription in the Supreme Court and Appeal Court. We are endeavouring to extend this to all Circuit Courts.
- The operationalization of the Court Management Agency of which the Leader of the Opposition spoke is imminent as the appointment of a CEO is now before the Chief Justice for approval. 40 classified posts are being transferred from the Ministry of Justice, office space on Tower Street has been secured and we hope to have the agency in operation in short order.
- We have made provision for 12 additional prosecutors in the DPP's office, 8 of whom are already in place.
- We are establishing parish boards to be chaired by the Custos in each parish to review and monitor the passage of cases through the courts, help clear obstacles where they appear and serve as an early warning mechanism where undue pressure is building up.
- We are setting up Community Justice Tribunals chaired by Justices of the Peace to serve as community-level dispute resolution mechanisms to reduce the volume of cases entering the formal court system.
- A Child Justice Diversion Programme is to be introduced this year to provide for appropriate forms of behavioural management intervention in specified cases instead of placing child offenders before the criminal courts.

Transforming the social order

At the heart of the challenges facing our justice system and, indeed, much of our crime problem is a dysfunctional social order. We live in a society in which we are each and all individuals, not a community. We revel in disagreement and conflict, so much so that we cannot find

common ground on even the basic things such as what is right and what is wrong.

Basic laws that are necessary to sustain public order and social predictability are viewed as draconian. Let the police seek to remove vendors from a sidewalk and watch the cries of injustice on the television screen. Let the Housing Agency or the UDC attempt to evict persons who have captured land and then hear how wicked you are.

It is not something confined to any particular class. Those who under-invoice goods in order to cheat the Customs, those who earn millions of dollars each year but have never paid one dollar in income tax, those who toss trash out of their car windows may be different in name but not in nature.

When the Minister of Transport & Works sought to enforce axle-load restrictions so that overloaded vehicles are not allowed to put innocent lives in danger and destroy our roads, there were protests from distributors and haulage contractors that we should abandon the programme because it would drive up the cost of transporting goods.

National consensus

The Leader of the Opposition and I are at one. We need a national consensus, not just about crime, justice, education and economic development. We need a national consensus on the kind of society we want to build, the sacrifices we are prepared to make, the discipline we are prepared to impose on ourselves and how much we are prepared to invest in creating that kind of society.

That is what the National Transformation Programme led by Rev. Al Miller has been about. Modest though its beginnings, it has focused on issues such as restoring public order, instituting discipline in the public transportation system, creating transformational zones and mobilizing transformational students.

Ian Boyne, in his article on Sunday, referred to the poverty that characterized Japan and South Korea 50 and 60 years ago. We could

well add India, China, Singapore and Malaysia. They went by those 50 or 60 years; we allowed those 50 or 60 years to go by us.

We were never destined to fail. We only run the risk of failing our destiny. The democratic system that we cherish, imperfect though it is but incomparable with any alternative, guarantees our right to disagree but it imposes on a duty to unite for our common good.

It is said that Chile owes to Augusto Pinochet not only its stain of brutality and oppression but the foundations of the economic success it enjoys today. That way has never been and can never be an option open to us.

However, we can and must find the way within our fiercely competitive democracy to:

- strike common cause;
- recognize that the Jamaican flag must always fly above the party flag;
- understand –
 - that if any of us, in our self-centred, individualistic passion, had all of Jamaica to ourselves, ours would be a life most miserable
 - that the fruits of this land can only be enjoyed if we plant and reap them together;
- believe in our hearts that we can rid ourselves of crime, poverty, unemployment, disorder and conflict if – and only if – we forge a national purpose to achieve that.

Conclusion

This nation cannot continue pitter-pattering the way we have done for many years, running up and down but not going anywhere. We had to change course. Someone once said a bend in the road is not the end of the road unless you fail to make the turn. We have made that turn. We are on our way and our future, the success and prosperity we seek for

the people of Jamaica rest on the strength of our will and the stamina in our being to run the race and finish the course.

It has been a hard road to travel and we still have a mighty long way to go. We have borne the heat and the criticism – none more so than I. Some of it may be malicious; I try never to be contemptuous of it. Some of it may be genuine misunderstanding or disagreement; I try to understand it and I often question myself to ensure that my best judgment is the right judgment.

There are many from time to time who will disagree with me including the privileged and the powerful. Winston Churchill once said there is no such thing as public opinion, only published opinion.

Unanimity is not necessarily the cradle of truth or wisdom. I have never been obsessed with being a crowd pleaser for crowd pleasers hardly ever make good leaders. There is an old African proverb that says smooth seas do not make skilful sailors. William Shedd wrote: “A ship is safe when it is in the harbor but that’s not what ships are for”.

Mother Teresa once said “I know God will not give me more than I can handle. I just wonder how He has so much confidence in my ability to handle what he has given me”.

I say a prayer every morning that ends with the same supplication. I ask not for a lighter burden; I ask only for broader shoulders.