

From the Desk of James Moss-Solomon

Executive in Residence, MSBM

September 25, 2016

Whose responsibility is it # 12?

In a previous article in this series I questioned the Business Confidence indices for the first quarter of 2016 that showed a positive jump in confidence. I wondered if this was influenced by the expectation of a General Election, a continuity of the then government, or a change of government. I have no definitive reason only intuition, for deciding between these possible influences, or other random answers.

Since then several things have happened that serve to further confuse me. A few of these are as follows:

1. The value of exports in each of the quarterly reports continues to decline, continuing a dangerous trend that does not relate to the need for drastic improvements in performance.
2. The STATIN inflation report of June shows a dip in CEO confidence from 213.6 in the previous survey to 186.8 (Jamaica Observer September 21, 2016).
3. Captains of industry are complaining of the debilitating factor due to our continued devaluation against the US \$, and its effects on competitiveness.
4. The same voices that spoke for liberalization of currency, are now asking for fixed rates or dollarization, while they earn less foreign exchange.
5. The IMF reports that Jamaica has one of the highest levels of dollarization in the Region and it could have a negative effect on our macroeconomic stability (seemingly meaning that we hold too much reserve).
6. The BOJ says it is pursuing efforts to reduce US \$ reserve requirements.

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I am by now thoroughly confused with conflicting signals that when brought together, do not suggest any discernable direction for policy or implementation coherence. Therefore everyone has an excuse for non-performance.

The private sector says there is too much bureaucracy that tends to add costs and time to the business of export.

The Government says that the private sector is not pushing exports.

Unfortunately, both are correct.

The productivity index shows a decline of about 1% per annum over the past three decades.

This is a classic debate of the “who came first, the chicken or the egg”, Jamaica style! This conundrum requires a Czar or similar dictator to resolve these hindrances in a businesslike manner but this challenges our parliamentarians’ stranglehold on power, and flies in the face of “defined democracy”. This would certainly be challenged by the legal fraternity.

Customs laws need clarification; export procedures need a single point; companies need incentives (tax or otherwise) for increasing exports on a quarterly basis; importers should be given incentives if they are also earners of foreign exchange; and employees need to be rewarded for increasing measurable productivity.

The other major inhibitor must be seen as crime. This seems to be out of control and present a clear and present danger to extended production shifts, access to

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workplaces, transportation at night, and other seemingly unconnected activities that add avoidable costs.

Why do patrons stay at Dancehalls all night when they have to work the next day? Well it is simple to say that they cannot get home safely until dawn drives the “vampire criminals” back to their daytime coffins where they can evade the law enforcement.

“Barnabas Collins” is a production deterrent, and I hope the kits presented by the US Government include wooden stakes, crosses, garlic spray, and a Bible. These “undead” certainly have more influence than “rolling calf and duppy”. It may be purely coincidental that May Pen Cemetery is/was a hiding ground for criminals.

We have a serious illness called “ego” and it manifests itself in two ways. Firstly, we honestly believe that each of us is the world’s greatest and we are all invincible. Secondly, we do not believe that in spite of evidence to the contrary we are wrong at any time, and therefore it must be someone else’s fault.

The first requires very little explanation as it is an individual belief that stretches from dominoes to rocket science and every topic in between. The second illness says Dudus is not guilty and is really Robin Hood in a wig; that lotto scamming is another method of collecting reparations; that carnal abuse did not happen as “the likkle pickney too careless”; and the list goes on. It is self-deception that goes far beyond the old description of masturbation.

You may ask yourselves (and me), where does this fit in with Jamaica’s economy, and society going forward. Well our Prime Minister in a speech delivered recently

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was at pains to bemoan the international classification that rates us as a middle-income country and disqualifies us from receiving certain grants and debt relief.

Prime Minister Holness may be too young to remember that when this classification was done, there was little or no outcry from either political party in either the Government or Opposition (rotating political roles of the JLP and PNP) that lodged an objection. After all, (using the first criteria) could we be classified with Haiti (or other “small islands” with twice our GDP like Antigua)? “God forbid” admitting we are poorer than Cayman or the Turks and Caicos that we used to be Administrators for years ago!

Allow me to refresh your memories with two excerpts from 1962 that may shed some relevant light on our “disability”:

Edward Seaga in the Legislative Council: “Mr. President, Independence has come upon this country in a rush.... We are now going forward into Independence and there are still large areas of the country that do not quite know what it means or should mean. To them it is a word, and it is a word that has been connoted with freedom. But else does it mean, for it must mean more than this. There are still sections of the country that fear the word Independence. They fear it because to them the word freedom does not mean the free power to create and to build, but freedom to destroy.”

Dudley Thompson in the Senate commenting on Jamaica’s signing to membership of the IMF and the World Bank: “I accept my honorable and learned friend’s statement that there is great merit in being able to borrow millions of pounds but

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we know from history that where there are facilities to borrow, we have a duty to repay”.

These are from two opposite sides of the then shallow political divide, and represent considered opinions before political rivalry created a chasm that was too wide for good sense to prevail. The widening gap created a ready opportunity for ignorance and childish rhetoric to supersede thought and meaningful governance.

This is the inheritance of a young Prime Minister faced with the unravelling of foolishness committed before his birth. A broke and unproductive nation that believes that all is well with Jamaica. It is the classic rendering of the “Emperor’s new clothes”, by a nation that believes that “We” (not Usain Bolt) are clothed in glory. It is a tough task for Mr. Holness to awaken the sleeping giant when most of the political participants on both sides are afraid of the destruction of the status quo of the unbridled change forces. It is a “revolution that will not be televised”!

Minister of Tourism Edmund Bartlett announced a billion dollar funding programme for tourism related businesses in the SME sector, and this has been hailed by many as a great source of capital. I agree wholeheartedly, however I offer a few cautions:

- A team comprising the Ministry of Investment and Commerce; private sector; academia; entrepreneurs; and Regulators; gave nine months of their time free of cost, examining the characteristics of and way forward for the MSME sector. This took the most of 2015.

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- The report produced a comprehensive account of the various positives and negatives of the supply of capital to the MSME sectors.
- Innovation rather than invention was recognized in a positive way (although the sectors saw setting up of long established business models as an invention).
- Capital was seen as only loans, and equity was not seen as a desirable option as it required shared ownership.
- Borrowing from government was seen as low on the priority scale for repayment, and government enforcement of loan collection was very poor. The closure of MIDA and Self Start Fund and the activities placed under JBDC.
- A lack of consistency was noted as a key contributor to MSME business failure (from not opening at advertised hours to inconsistent products and services supply).

I would therefore recommend that Ministers Shaw, Bartlett, and Samuda confer on the report and its findings and recommendations before they preside over a good scheme that ends with deficient performance. Properly run there is every chance of success; poorly implemented it will be another billion dollars down the drain.

The Economic Growth Council is doing its leadership role and that is mobilization of the factors within the society that produce the stability that will result in growth. Their job is to identify and guide. Our job is to work and perform.

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Like Mission Impossible says (paraphrased by me); “this is your mission Andrew; the electorate may or may not reward you, and most of your colleagues will deny any knowledge of your actions; if you choose not to accept, Jamaica may self-destruct in 10 seconds”.

It is a clear responsibility for leaders in every positive sector of Jamaica to grasp the reins firmly in your hands and start to guide the progress of your country, industry, company, club, family, and yourselves, as we are on a slope induced by many misinterpreted opinions, incomplete data, and misinformation that tend to stymie decision and actions and perpetuate mediocrity.

As my Father told me about lawyers in politics: “they are trained in argument not decision making; what we need is a good judge”. Look at ourselves and our lack of responsibility and stupid excuses. Guilty or not guilty? That verdict will be yours.

