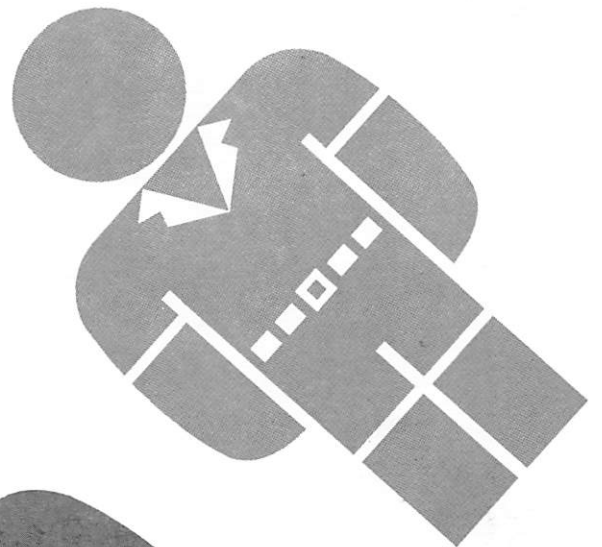
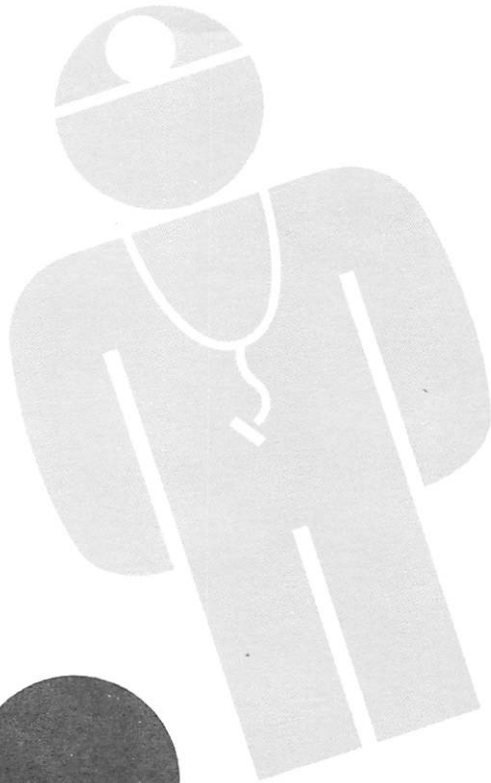


Social Policy



THE PRIVATE SECTOR
ORGANISATION OF JAMAICA

Free Enterprise...and Watch Jamaica Grow!

**Economic Analysis
and
Public Policy V**

SOCIAL POLICY

ECONOMIC ANALYSIS AND PUBLIC POLICY V

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September 1990

PSOJ PUBLICATIONS

Title	Published
Jamaican Economy Review 1984	1985
Jamaican Economy Review 1985	1986
Jamaican Economy Review 1986	1987
Jamaican Economy Review 1987	1988
Jamaican Economy Review 1988	1989
Jamaican Economy Review 1989	1990
A Policy Framework for Economic Development in Jamaica	1985
Economic Analysis & Public Policy Paper I <i>Foreign Trade Policy</i>	1986
Economic Analysis & Public Policy Paper II <i>The Role of Government in the Jamaican Economy</i>	1987
Economic Analysis & Public Policy Paper III <i>Exchange Rate Policy for Economic Growth & Development</i>	1987
Economic Analysis & Public Policy IV <i>Why the JCTC should be dismantled</i>	1989
Economic Analysis & Public Policy V <i>Social Policy</i>	1990

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PREFACE

Since 1985 the PSOJ has documented its ideas in a series of policy papers. These have for the most part addressed issues relating to the Jamaican economy and the Organisation's view as to how the economy should be organised to achieve greater levels of growth and efficiency.

This paper outlines the Organisation's view on education, Health and Social Welfare. From its earliest beginning the PSOJ has been involved with social policy issues as the members of the Organisation are well aware that the human resources of a country are ultimately its greatest assets and that a vibrant economy relies on a well educated and healthy population. There is currently an urgent need to address the drift in the social services and to bring new ideas to familiar subjects. This is the Organisation's contribution.

The impetus to put together a PSOJ view on the broad area of social policy first came two years ago from Dr. Keith Panton, who was then a Vice President of the PSOJ. I want to thank the members of staff of the Secretariat who researched and wrote the paper, in particular Hu Gentles, Jennifer Williams and Joseph Cox. Thanks also to the members of the Education and Health Committees and several persons outside the PSOJ who read sections of the text and offered suggestions, corrections of fact, or criticism. All were equally valued. I hope our members and other readers in the general public will find this publication helpful. It certainly is a new departure in the way we think about social welfare in Jamaica .

Gordon "Butch" Stewart
President, PSOJ

FOREWORD

The malaise in the Jamaican economy is reflected in the declining standard of education, deteriorating health services and constant erosion of the standard of living of the average Jamaican household. How can we arrest and turn this situation around?

While we do not claim to have all the answers, in this publication we make a number of recommendations which we believe will help. The society must guarantee a proper primary education for all of our children. Our economy cannot support what is misleadingly called "free" education, therefore a system of fees, adjusted to means, must be resumed at the secondary and tertiary levels.

Hospitals must collect some level of user fees for the services they provide, and the provision of medical facilities must be rationalised. Management of our medical service must be improved to remove waste, duplication and stealing by all levels of workers in our hospitals.

We must abandon the idea that teachers and medical personnel are in sacrificial professions. They are skilled workers in a competitive labour market who will not stay in the public institutions, or in the profession, or even in Jamaica if the rewards are inadequate. In any event there are creative ways of improving their real income. Students loans could be repaid by the provision of specific service for agreed periods. The resources which now go to provide free public housing for political supporters would be far better used to provide housing for teachers, doctors and other medical personnel.

Administration in the social services is lamentable, marked by incompetence, over-centralization, duplication and waste of resources. In the existing system, we have no confidence that more money would result in significantly improved services. In general there needs to be more decentralization and rationalization of functions. In regard to medical services and social welfare we urge that the tentative beginning of privatisation and sub-contracting of certain functions should be accelerated. In some cases the government should provide the funds but hand over the actual delivery of services to voluntary organisations such as churches and social welfare groups.

The National Insurance Scheme needs radical reform and the government, as a matter of urgency, should look at how other countries have improved their national insurance programmes.

We have found great inadequacies in the availability of data. It is easier, for instance, to get a variety of comparable data on countries such as America, Canada and Britain than on Jamaica. This is unsurprising, but while this factor may restrict the ability to prescribe in detail, it does not affect the general approach. The PSOJ's position is that the free market approach provides empirically successful models as well as the most logically consistent framework for social and economic development in Jamaica. The analysis and recommendations in this paper are therefore derived from certain assumptions:

- Private voluntary action is usually more effective than the official state bureaucracy.
- Personal and individual responsibility is preferable to state intervention and collective responsibility.
- Decentralization and devolution of responsibility will allow more flexible and effective response at the level where services are actually delivered to people.
- Beneficiaries of social services should make a financial contribution in return for the service, where possible.
- Even where the government pays it should contract out the actual delivery of services wherever possible.

The lesson to be drawn from analysing social policy from this perspective is that the market consistently generates rational solutions to social and economic problems. This is precisely what was first shown in the book *"The Wealth of Nations"* by Adam Smith, who died 200 years ago this year.

Delroy F. Lindsay
Executive Director, PSOJ

EDUCATION

The deterioration of Jamaica's education, so alarmingly evident in recent years, is rooted in two basic causes: the increasing poverty of the national economy over most of the past 20 years, and the disproportionate youthfulness of the population.

In constant 1974 prices, gross domestic product was \$2,159.2 million in 1974, \$1,827.8 million in 1980 and \$1,979.6 million in 1988. The per capita figures for the same years are \$1,091, \$857 and \$841.

Approximately half of all Jamaicans are under 21 years of age. Only one-third of the total population is in gainful employment, and less than a quarter is in the 30-60 years age group - these being the people with the highest economic productivity in any population. In a declining economy there are too few people providing the resources to maintain the rest of the population. The savings required for long-term investment in the education and training of youth has been declining in real terms over the past 15 years. The gap between resources and need is the more stark when it is realised that only about 700,000 of approximately 1.1 million persons under 20 years of age are in any form of educational and training programme.

What happens to the 1.1 million? The available figures seem to indicate:

- Only one in four receives kindergarten or pre-primary education, which evidence has consistently shown to be important to nurture sensory talent and curiosity for more structured learning at later stages.

- Three out of four children get only about six years of formal schooling.
- Only about one in 10 completes secondary education and even fewer get post-secondary instruction of any kind.

There is virtually 100% enrollment (about 340,000) of children in the primary school age cohort, though actual attendance is rather less. Enrollment in some form of secondary school is about 240,000 out of an age cohort estimated at 330,000. Fewer than 20,000 are currently in a tertiary level (including university) institution. This figure is reckoned to be between one third and a half of the manpower which the economy needs at this level of training. The picture is of a population which is not well educated or trained. There is a high proportion of unskilled labour, which is a limiting factor in the equation which leads to economic growth.

At various times over the past 30 years the government has spent between 12% and 18% of its budget on education. It should be spending 17% or 18% consistently but this will only be possible if the government divests some of its current (non-educational) activities and concentrates its resources.

Serious consideration should be given to the comparative distribution of state resources between the different educational levels and institutions. There is a considerable difference between the per capita expenditures on primary, secondary and tertiary students. The official figures show that during 1987/88 the state expended an

TABLE 1 *Government Expenditure on Education and Training 1985/6-1987/8*

	1985/6	1986/7	1987/8
Total Student Population	592,979	578,699	581,663
Government Budget for Education (\$m)	503.93	578.29	615.42
Average Expenditure per Student (\$)	851	1,000	1,059
Per Student Expenditure in:			
Primary Education (\$)	392	444	516
Secondary Education (\$)	760	975	1,001
Tertiary (except UWI) (\$)	5,190	5,246	5,720
University of the W.I. (\$)	13,545	20,619	18,258

Source: Planning Institute of Jamaica and Ministry of Education

average of \$18,258 on each UWI student. This is 35 times the sum spent on primary school students (\$516), 18 times the sum spent on secondary school students, and more than three times the sum spent per CAST student.

In light of the general educational condition of the population it is obvious that Jamaica requires a sound primary and secondary school system in order to provide the foundation for social and economic development. Government spending on a university student 35 times what it spends on a primary school student and 18 times that which it spends on a secondary school student does not fit in with the obvious priorities needed to improve the social and economic conditions of Jamaica.

What is the quality of education received? A survey done by the Ministry of Education in the early 1980s suggested that about half the children completing primary education (age 11 or 12) were functionally illiterate. About 25% of students who sit the Common Entrance Examination after Grade 6 are awarded the available places in High Schools and Technical High Schools. They, in other words, are the cream of the crop. However, after five more years of the best secondary education the country has to offer, these students perform poorly in the CXC and GCE 'O' Level examinations.

The performance of students in High and Technical High Schools - the more desirable secondary schools - is

disappointing. These students, be it remembered, are the top 25% of those who sit the Common Entrance Examination and are the great majority of candidates in the CXC and GCE 'O' level exams. In recent years only one out of three students achieves a 'credit' or better (which means CXC pass at grade 1 or 2; or GCE Ordinary level pass at grade A,B or C) in English Language and Physics. Barely one in four achieves that standard in Mathematics and Biology, slightly over two out of five in Chemistry. Even in a 'soft' subject such as Caribbean History, fewer than half the number of students sitting the exam reach that standard. The numbers sitting the exams cast an even more unfavourable light on these results. Very few students sit for the 'hard' sciences or foreign languages.

There was great concern in the early 1970s that only one in four students who sat the CXC or GCE 'O' level examinations was getting at least five passes including English Language and Mathematics. This was considered the minimum requirement for many jobs and for further training in occupations such as nursing and teaching. Though more students sit the exams today there has been a steady falling away even from the unsatisfactory levels of performance of the early '70s. The performance of Jamaican students in these examinations has for several years been among the worst in the English-speaking Caribbean. The UWI has now instituted a proficiency test and a remedial course in English for some students who are accepted to read for a degree.

TABLE 2

Performance in Selected Subjects CXC and GCE 'O' Level Exams

	1987			1988			1989		
	No Sitting	No Passing GCE O' A-C CXC 1-2	%	No Sitting	No Passing GCE O' AC CXC 1-2	%	No Sitting	No Passing GCE O' A-C CXC 1-2	%
English Language	15,925	6,400	40.2	17,534	5,759	32.8	19,101	5,620	29.4
English Literature	4,214	1,672	39.7	4,463	2,139	47.9	4,861	2,315	47.6
Mathematics	11,436	2,804	24.5	12,269	3,108	25.3	13,838	2,681	19.4
Economics/Accounts	5,377	2,222	41.3	6,719	2,873	42.7	7,180	2,297	32.0
Caribbean History	5,031	2,511	49.4	5,112	2,499	48.9	5,343	2,526	47.3
Biology	4,340	1,117	25.7	6,241	1,530	24.5	3,871	909	23.4
Chemistry	2,632	1,114	42.3	2,582	1,106	42.8	2,532	1,242	49.0
Physics	2,159	620	28.7	2,293	717	31.2	2,280	696	30.5
Spanish	991	281	28.3	984	317	32.2	1,047	486	46.6

Source: Planning Institute of Jamaica and Overseas Examinations and CXC Offices.

The remaining 75% of the 12-year-olds who do not get into High Schools face an even more dismal prospect. Some receive no further schooling, others attend New Secondary and All-Age schools where the level of performance is considerably below that of the High and Technical schools. There appears to be no clear objectives for the New Secondary and older students at All-Age schools - for instance, remedial, vocational or some form of job apprenticeship programme. Complaints about the JSC examination multiply. Some educators argue that the HEART academies rob these schools as well as primary schools of the resources they need to provide an effective education. Indeed the entire structure of teenage education and training is a muddle of conflicting aims and dubious standards.

There are two clear inferences to be drawn from this state of affairs: first, the educational structure rests on a collapsing foundation; and second, the quality of teaching is poor and getting worse.

History of Education

Government involvement in education in Jamaica began in the immediate post-emancipation years when the British Government provided a sum of money to churches for the instruction of ex-slaves to help transform them into free subjects. It was intended that this responsibility would be gradually taken over by the colonial legislatures, but the funds were not forthcoming for some years even after grants from the imperial government ceased. It was not until around 1890 that a system of free Elementary schools was formally established by the government. Until well into the 20th century, elementary schooling was roughly equally shared by the churches and the government.

A couple dozen secondary schools catered to the children of those who could afford the fees. Only two were government institutions but all charged fees which, according to Professor Errol Miller¹, amounted to around 65% of the expenses of the institutions by 1938. Government grants were made to 23 of those schools (mostly owned by churches and private trusts) and represented nearly 16% of their expenses. A few teacher training colleges, again largely church-run, provided the teachers for the elementary schools.

Primary, secondary, and vocational training expanded steadily nevertheless, with many private individuals organising schools of varying quality, but which supplemented the church-run institutions as well as government elementary schools. By the end of the 1940s about

two out of three children of primary school age were enrolled in a school but only about 5,000 or 15% of the secondary school age cohort. There was still a gap at the primary level but the greatest shortage of educational opportunity for the majority was at the secondary level.

With the acceleration of the self-government movement after World War II, the government put significantly increased resources into education. The University College was established and in the course of the 1950s, funding of most of the operating expenses for secondary schools was assumed by the government, teacher training colleges were expanded and the College of Arts, Science and Technology (CAST) was established. In 1957 the 11-plus examination was instituted to provide free places in secondary schools for children who showed aptitude for further education of the grammar school type but whose parents would not have been able to afford the fees. The major emphasis over the next 15 years was the expansion of secondary education. By the end of the 1960s it was clear that primary schooling was suffering relative neglect and that teachers' salaries were falling behind cost-of-living increases.

In the 1970s the government expanded free education to the university and CAST, increased financial support for infant or pre-primary education and launched an ambitious adult literacy programme. The state assumed near total responsibility for education at all levels while, almost simultaneously, the economy began a sharp, long-term decline. With the expansion of government support of tertiary education, there were immediate consequences: first, real resources for secondary and, even more significantly, for *primary* education were cut back; second, the real income of teachers went into accelerated decline.

The effect was to increase the numbers in school, especially in tertiary institutions, but to dilute the quality of education at all levels because the flight of better qualified teachers from the classroom became noticeable at this time. A deterioration in students' examination performance was clearly evident by the late 1970s and continued throughout the '80s. An effort to shift resources to primary education in the '80s included an aborted attempt at compulsory school attendance, and an expanded program to provide school lunches. Subsequently, resources were shifted to the Human Employment and Resource Training (HEART) program to provide job-training for unemployed teenagers who were unqualified for regular tertiary education. Despite a restoration of fees² at UWI and CAST, the imposition of an Education Tax and HEART payroll deductions, gov-

¹ Church, State and Secondary Education in Jamaica 1912-1943 Errol Miller, in *Education in the Caribbean: Historical Perspectives*, Edited by Ruby Hope King, UWI Faculty of Education 1987

² called a 'cess' and representing 10% of the economic cost per student in most disciplines and about 7% in Engineering and Agriculture.

ernment education budgets declined in real terms as well as in percentage of fiscal budget. The effect of financial contraction was aggravated by a new and unwelcome phenomenon: chronic burglarising and vandalism of schools. In addition to poor pay, teachers have had to contend with wrecked facilities and the stealing of furnishings, equipment and educational supplies.

Teachers

By any rational calculation teaching should be one of the most intrinsically satisfying of all jobs. Instead it has become a residual occupation in Jamaica - something to do when there is hardly any other choice. The nation now has some 20,000 teachers covering infant to university institutions. Over 18,000 are employed by the state.

abundant evidence of rapid turnover and, hence, a declining average length of service in the teaching profession.

The gravest shortage of competent teachers appears to be in Mathematics, Science, technical subjects, Economics and English, which probably indicates, inter alia, weakness in the teacher training colleges themselves in these subjects.

The eight teacher training colleges have a capacity for producing some 600 new teachers per year, but output has fallen steadily from 570 in 1985 to 279 in 1988, partly because of a government decision to reduce entrants in 1985 (rescinded in 1988) and because fewer young people appear to be choosing teaching as a career. The evidence

TABLE 3 *Teachers by Education Level and Teacher/Student Ratios*

School Type	No. of Teachers	Teacher/Student Ratio
Infant	265	1:39
Primary	4,002	1:44
All Age	5,646	1:41
New Secondary	4,250	1:22
Secondary High	2,795	1:19
Comprehensive High	440	1:21
Technical High	473	1:17
Vocational & Agricultural	54	1:9
Sub Total	17,925	1:32
Tertiary (approx.)	1,500	NA
	<u>18,425</u>	

Source: Planning Institute of Jamaica and Ministry of Education

Over 90 percent of teachers are said to be trained; that is, they have received a teacher's certificate from a training college, or less common, a graduate diploma in education from a university. This, however, is a misleading index of the quality of education offered in schools. Over the past decade university graduates as a percentage of teachers in high schools have fallen from about 50% to less than 33%. In New Secondary schools the only graduates are likely to be the Principal and her deputy. Experience is obviously another powerful factor in the quality of teaching, and while no statistics have been published there is

indicates that intake into the teachers' colleges is largely from the less able output from the secondary schools, and that most of the output of the training colleges only stay in teaching until more attractive options become available. Once again, it appears to be mostly the less able who stay in the classroom. The well-educated, disciplined and experienced teacher who was familiar to an older generation is becoming a rarity in Jamaica's schools, hence the abysmal performance of students at all levels.

One of the most critical and contentious issues in the educational system is remuneration for teachers. At the top of the present Ministry of Education salary scale³ for teachers is the position of "Tertiary Principal A" which during the 1988/89 school year was payed at \$44,061 x 786 - \$46,419 per annum. Trained graduates were paid at \$22,550 x 465 - \$27,180, with pre-trained non-graduates at the bottom of the scale receiving salaries of \$13,212 x 210 - \$14,682. The accompanying allowances are generally of marginal value, and perquisites such as car loans and subsidised housing are too limited to make a substantial difference to the real income of teachers.

The first consequence of low pay has been a flight of competence from the profession and declining recruitment of well educated young adults entering the job market. Another consequence is that teachers supplement their salaries in a variety of ways - selling snacks to their students, taking second jobs, conducting extra classes for fees, and operating as free lances in subjects where the supply is shortest - such as Mathematics, Physics, Chemistry, Economics/Business Studies. Free lance teachers are not staff members but arrange with several schools to teach a strictly limited number of classes and hours per week. The result of all these survival tactics is that lesson preparation and the setting and marking of homework all suffer, and teachers are unavailable for the extra-curricular activities and supervisory duties which should enhance the educational experience of the young.

The situation is aggravated by poor working conditions in many cases - buildings and sanitary facilities in disrepair, lack of books and instructional materials and, especially in science and technical subjects, shortage of equipment and supplies.

Role of the Private Sector

Over the past decade there has been increasing private sector support of sports programmes in secondary schools and the funding of the primary school textbook program. Some large companies contribute to technical and Industrial Arts programs in selected schools, and many provide scholarships especially at the tertiary level.

A third area of private sector activity is the funding of job-specific courses at CAST and the provision of short business-related courses by private institutions such as the Jamaican Institute of Management and the Institute of Management and Production. The Adopt-a-School program, where companies assist neighbourhood schools in cash or kind, has become another area of private sector involvement in education.

Private sector activity is also seen in a revival of private fee-paying schools. At pre-primary and primary levels, the number of private kindergarten and preparatory schools has increased steadily. It appears that the student intake of private secondary and secretarial schools has grown strongly in the last decade. However varied the quality of these institutions, the trend indicates a declining faith in government institutions. Even comparatively poor parents are sending their children to private preparatory schools in greater numbers. There is strong evidence also that families who can afford to are sending their children abroad for secondary as well as tertiary education. This is a resurgence of pre-1939 practice.

Recommendations

1. Policy

Jamaica cannot afford to provide all the education and training desired by everyone at all age levels. *Public* resources must be focussed for optimum results. A national policy setting out realistic objectives for the scope, numbers, standards and type of education - within available resources - must be set out by the government. The policy must be clear-headed about four fundamentals:

- i) The education structure cannot hold up without an effective base, hence such a policy must guarantee a proper *primary* education for *all* of Jamaica's children by the year 1995. For those who do not have the means to opt for private schools, the state should bear the full cost of education from about 6 to 15 years old.
- ii) Poorly paid and demoralised teachers cannot deliver effective education. And whatever else it may be, teaching is also an economic function which responds to the normal incentives and disincentives in the labour market.
- iii) "Free" education is neither practicable nor even, in our view, desirable, especially for students over 15 years of age. A system of fee-paying contribution, adjusted to means, must be fully and formally resumed at secondary and tertiary levels. Policy must encourage a return to the idea that parents have a grave responsibility for their children's education and that individuals are the greatest beneficiaries of any investment made in their education.

This is not to say that society ought not to provide for the education of those children whose parents for whatever reason cannot do so. The economic argu-

³ A 15% increase became effective in August 1989, with a further 20% increase to be effective in October 1990.

ment for this is that the society or the collective also benefits from educated citizens. But the state should help parents to discharge their duty and protect the rights of the child rather than pre-empting the rights and responsibilities of parents. In sum, the state's role should be a) to provide the "infrastructure" for education, and b) to be a facilitator and backstop.

- iv) Education and training must be geared to the manpower needs of the economy in a world which is rapidly becoming more globally competitive.

2. Management

Some 700 schools, 20,000 teachers, 600,000 students and billion-dollar expenditures represent a huge industry by any standards. This requires management of the highest caliber, hence training and compensation commensurate with the responsibilities. There appears also to be an increasing tendency to centralize responsibility at the Ministry of Education, which can only increase inefficiency. Effective ways must be found to return some responsibilities to school boards, to local communities and to parents. Additional money poured into the current education establishment will have only minimal effect without sharp improvements in the management and accountability of the system. (See also 6 below).

3. Financing

The government cannot do it all. Considerable sums are in fact being spent by parents on private lessons for their children, unofficial fees to some secondary schools, and ad hoc voluntary contributions. This de facto situation should be formalized with a scale of fees administered through the schools by a simple means test at the secondary level. No child should be prevented from attending school, but by this means, governments could reduce disbursements to schools in more affluent communities and increase them to schools serving poorer communities. It is worth noting that countries as far apart politically and economically as Japan and China charge fees in secondary schools. Japanese parents pay up to 30% of the economic cost of their children's education in government high schools (i.e. 15-18 year-old level).

The cess must be retained at CAST and UWI, and where parents and students can afford it, the sum paid should be raised above the present levels - even to full economic cost! Once again the institutions should apply a simple means test after an application for assistance by the student. This is standard procedure in North American

colleges where the cheapest tuition fees are the equivalent of about J\$40,000 p.a. versus \$1,500 p.a. at UWI. No able student should be barred because of poverty, hence the Students Loan Bureau should be adequately funded and repayment procedures tightened so as to reduce bad loans. (Perhaps the debt can be sold to the commercial banks.)

Students at this level are in fact young adults and they should be encouraged to understand that their higher education is a personal investment in their careers and future earning power, just as other young adults pay, for instance, for secretarial or hairdressing training in private institutions. Whatever may be argued about the state's general responsibility for education, free college education is not a right!

4. Paying Teachers

The teacher is crucial to any hope of improving education - far more important than fine buildings. It must therefore be a priority in any viable education plan to raise the income of teachers. The savings generated by the proposals made elsewhere should free some resources for improving teacher's pay. There are some caveats however.

The principle of standardization ought not to be the only criterion in deciding pay scales for different levels of teachers and types of institutions. Development objectives and, of particular relevance, demand and supply must be given due weight.

English, Mathematics, Science, Economics, and moral instruction and some form of physical work as distinct from purely academic or "brain" work, are the core of a worthwhile education at the secondary level.

Basic competence in science and technology is a crucial requirement for any economy to grow in an increasingly competitive world, yet this is precisely the area of greatest weakness in Jamaica's education.⁴ If there are not half-a-dozen competent physics teachers in the secondary system, it is grossly irrational to hold pay scales for such teachers at the same levels as for teachers of other subjects where supply is relatively abundant. This goes for any subject in which there is scarcity and the principle may be applied as between regions, from time to time. By extension, pay scales for the College of Arts, Science and Technology cannot be held down merely on the argument that all non-university tertiary institutions must be in the same scale. The market places a premium on the training offered at CAST and the pay scales of teachers should reflect this!

⁴ The argument is not for big increases in the numbers of highly trained scientists but for a scientifically 'literate' population, which is both a way of thinking and a body of information which enable one to understand and handle the processes, tools and artifacts which are becoming commonplace.

There are also indirect ways in which the real income of teachers may be improved so as to attract and hold higher levels of skills in the profession. University and CAST graduates can repay their student loans by teaching for an agreed minimum number of years. Second, more staff housing should be provided, especially at rural institutions and CAST, and rented at, say, 15% of salary. Given the extreme shortage of housing this would be a considerable economic incentive to attract highly qualified people. (More teachers resident on school compounds may also improve the security of those schools).

5. Accountability

The entire education structure requires an overhaul of its accountability system, the most important point of which hinges on student performance. In the private sector it is axiomatic that reward reflects performance - of individual employees and of firms. The same principle should apply to teachers. Automatic salary increases and virtual security of tenure tend to entrench incompetence and even professional delinquency. It is becoming notorious that there are many teachers who remain entrenched in the system despite poor records of punctuality, attendance, personal conduct and basic teaching competence. Employment contracts must allow for periodic reviews of knowledge and skills, and sanctions for performance failure.

The government should also begin to examine the merits of a voucher system. In such a system the government issues education vouchers to parents of children of school age. With these vouchers parents could shop around more for their children's schools, moving the child if they are dissatisfied with one school. The vouchers might even be used at private schools with the parents paying the difference between the fees charged and the face value of the government-issued voucher. While choice would be limited by the number of places available in the more desirable schools, parents and students would still have some power to show their displeasure at poor schools. A non-performing school would find itself losing students and being unable to attract more. This would be a factor in the pay and job security of the principal and staff of such a school, and thus accountability would be enhanced. Put in market terms, the current system delivers the consumer (parents and students) into the hands of a monopoly supplier (government schools). The generality of consumers have no choice as to the schools the children attend and no market power against incompetent teachers or indifferent schools.

6. Whose Schools?

The tendency to regard schools and what happens in them as purely the responsibility of teachers and government must be reversed. Parents, churches and communi-

ties must be given every encouragement to take, and in some cases to resume, an active proprietary interest in their schools. To this end the fostering of parent-teacher associations should be part of the job-description of principals, and community and business leaders should be appointed to school boards (without political bias). Clear terms of reference should be devised for these persons, which should include fund raising, school security as well as reviews of teaching activity and budget management. Part of this responsibility would be to account for fees received and spending the money on, for instance, paying premiums to attract subject teachers in short supply (see 4 above).

Many schools were formerly owned and run by churches or private trusts before the government took on the entire financial responsibility for the schools. With that responsibility the state also assumed nearly all power to determine student enrollment, to hire staff and appoint members of the board. The government should actively seek to "divest" such schools back to their nominal owners, allowing them inter alia to take a portion of full fee-paying students and in other ways reducing dependence on government funds.

In fully government-owned schools central government should still devolve some of its power to the local community. The school board might be appointed as follows:

- 3 nominees of the parent/teachers association
- 2 nominees of the Parish Council
- the Principal (ex officio)

The point is to empower local communities, religious and other voluntary groups, and the parents whose children attend the school, to make it "their" school, to give people more responsibility for and authority over their children's education at the local community level. We have no doubt whatsoever that the effect on the schools and what goes on in them would be salutary.

7. Private Business Sector Role

Many firms could provide persons with managerial skills to sit on school boards, to help with part-time instructors and help in a variety of other ways. A school in a resort community could ask hotels to fund a full-scale music programme on the ground that the pool of entertainers would be enlarged. Architectural and construction firms could be approached by other schools to fund technical drawing courses. There is a multitude of possibilities for businesses and professional firms to commit themselves to specific areas and levels of assistance in cash, materials and services or in time in a kind of "adoption" scheme. They are also encouraged to offer summer employment to students where possible. Some of this is already being

done by firms such as the bauxite/alumina companies. Enthusiastic government endorsement will help to inspire wider levels of involvement and a more co-ordinated rather than ad hoc approach. A practical measure of endorsement would be to improve the tax incentives for money spent by firms on personnel training and contributions to schools.

HEALTH

A healthy population is an invaluable asset to any country. Health care should therefore be considered an investment in the nation's human capital which will strengthen and facilitate economic and social development. In the long run economic development is limited by factors such as high infant mortality rates, malnutrition, debility and diseases which affect the productive population.

The achievement of a healthy population is largely determined by public health measures such as clean water, public education about nutrition and sanitation, immunization of children to prevent the spread of contagious diseases, adequate sanitary facilities, good oral hygiene, high levels of sanitation in the handling of foods, insect pest control and effective garbage disposal. The government has the primary responsibility in ensuring that the

population is informed of good preventative practices, and that where necessary, e.g. in food handling, stringent controls are maintained. This requires continuous public education and that an adequate number of public health staff, suitably equipped, be available to perform their duties.

The PSOJ wishes to take note of the positives which have been achieved in the health services in Jamaica. Contagious and infectious diseases such as polio, malaria, tuberculosis have been largely contained. Our infant mortality rate has fallen whilst life expectancy has increased significantly. (See Table 1). While acknowledging these advances we must be careful that we do not slip back because of a breakdown of the public health programme.

TABLE 4

Health & Medical Care Indices for Jamaica and 14 other Nations

	1982 Infant Population/Mortality Hospital Rate*	Life Expectancy at Birth (Years)	Population/ Physician	Population/ Hospital Beds
United States	11	74	549	171
United Kingdom	11	73	711	127
Canada	10	74	548	129
France	10	74	580	82
Brazil	81	60	1,632	245
Argentina	39	69	580	176
Mexico	61	61	2,136	863
India	125	50	2,545	1,265
Nigeria	178	48	9,591	1,251
Hungary	10	70	390	109
Poland	21	71	573	132
Peru	114	55	1,480	547
Japan	7	73	761	86
Venezuela	47	67	888	319
Jamaica	18.5	71	2,564	260

* Number of deaths of children under 1 year of age per 1000 live births.

Sources: STATIN, PIOJ publications, Statistical Abstract of USA, 1983.

Sexually transmitted diseases continue at a worryingly high level, and the problem is now aggravated by AIDS. There are also persistent reports of malnutrition in young children. In the latter case this appears to be based on economic factors as well as the lack of adequate information regarding the elements of a proper diet.

In Jamaica we are now faced with treating chronic and degenerative ailments such as heart and liver disease, cancer and hypertension. These require expensive equip-

ment for their diagnosis and treatment by persons with highly developed specializations.

There are currently 24 public hospitals with a total bed complement of 5416, and 447 primary health care clinics on the island. There are seven private hospitals with a bed complement of 282¹. There are also approximately 5 private diagnostic and laboratory centers offering services such as X-rays, blood tests, ultra-sound, cat-scan etc. Figures from the Planning Institute of Jamaica indicate a

TABLE 5

No. of Public Hospitals	24	No. of Beds	5416
No. of Private Hospitals	7	No. of Beds	282
No. of Clinics	447		

TABLE 6

Number of Selected Health Personnel Employed in the Public Sector 1985-1988

Category	1985	1986	1987	1988
Physicians	317	365	397	367
Nurse, Public Health	169	174	176	153
Nurse, Practitioner	56	71	67	70
Nurse, Anaesthetist	36	34	27	24
Nurse, Registered (all others)	1,815	1,640	1,548	1,411
Nurse, Enrolled Assistant	830	846	846	708
Dentists	61	57	54	54
Dental Nurse	148	142	139	137
Dental Assistant	123	126	121	122
Public Health Inspector	351	n/a	334	300
Veterinary Public Health Inspector	6	6	6	20
Radiographer, Diagnostic	42	44	37	39
Radiographer, Therapeutic	3	3	3	3
Pharmacist	95	89	82	67
Pharmacy Technicians	102	117	117	107
TOTAL	<u>4,154</u>	<u>3,714</u>	<u>3,954</u>	<u>3,582</u>

Source: Economic and Social Survey - 1988 - Planning Institute of Jamaica

¹ Economic and Social Survey Jamaica 1988 - Planning Institute of Jamaica.

declining number of health care specialists in the government medical services.

While we recognize the importance of health, we are confronted by the limited resources available in the country and must therefore use the available resources in the most efficient manner.

Management of the Public Hospitals

There is a shortage of trained managers throughout the economy. Perhaps nowhere is this shortage more grievous than in the health sector. There is no local training programme for hospital administrators. As a result most medical facilities are administered by civil servants who lack management expertise. Perhaps as a consequence, decision-making tends to be centralized in the Ministry of Health. Centralization increases paperwork and delay and reduces managerial effectiveness. Government hospitals in Jamaica have become a byword for inefficiency, waste and plain and fancy dishonesties by all levels of employees in these institutions.

Hospital administration requires highly trained, sophisticated managers capable of organising and directing the activities of the staff at all levels. Because of the diversity of the issues which such a manager would have to address (ranging from inventory control, finance, the physical plant operation and staffing) such an individual would need to be competitively paid. In addition there should be ongoing training for managers to keep them abreast of new developments in the field.

The PSOJ believes that with an improvement in the management of the hospitals leading to reduction of waste, duplication and stealing, the resources would still be inadequate. But as the situation currently stands we believe that even if more funds were provided to the health sector there would be no appreciable improvement in the delivery of services.

The PSOJ recommends that greater autonomy be given to hospital boards, drawing from members of the private sector to run the hospitals in an efficient and business-like manner. There is already a group of interested persons in the country as just about every hospital now has a group of "Friends" who raise funds to supplement the government subventions.

The PSOJ supports the spirit of volunteerism and recognizes the important role being played by organisations such as the Jamaica-America Medical Assistance Committee (JAMAC) in obtaining equipment and bringing medical personnel to assist in the health sector. Churches and service clubs also provide significant support services. While voluntary medical assistance must be encouraged, these programmes cannot substitute for an effective public health system.

The PSOJ further recommends that private companies be given contracts to provide laundry, canteen and janitorial services for the hospitals. In addition, services such as X-rays, blood tests and other diagnostic tests should be performed by private centres where these exist.

Hospitals should be able to retain their earnings and should receive grants based on the services they provide. This system of greater autonomy also requires that hospitals be subject to proper annual audits.

Financing of the Public Hospitals

The Ministry of Health, which co-ordinates and directs all aspects of the national health system, has had to cope with declining allocations in real terms. The lack of funds has limited the ability to recruit and retain qualified medical personnel and maintain plant and equipment in good repair.

As stated previously, the PSOJ believes that with improved management in the public sector, better uses can

TABLE 7

Ministry of Health - Budgets

Item	Selected Years (Fiscal)					
	1982	1984	1986	1987	1988	1989
Total Govt. Budget (J\$M)	2920.2	3574	5733.9	7011.5	8199.0	9123.5
Ministry of Health						
Allocation as a % of						
National Budget	6.9	6.3	6.7	6.0	6.9	6.9

SOURCE: Economic and Social Surveys, Planning Institute of Jamaica

be made of existing funds. However we also recognise that there needs to be additional sources of revenue for the health sector.

The PSOJ supports the principle that some fee, however small, should be collected from the users of the services. We would also support the introduction of a national health insurance scheme to provide coverage for low income individuals who are not covered by any existing programme. This scheme could be implemented with the help of the private sector agencies currently involved in health insurance.

Health Care Personnel

There is general agreement in Jamaica that the situation regarding medical service personnel has reached crisis proportions, especially as regards to the shortage of nurses. There are two major factors which have led to this situation: low pay and a poor working environment. Given the nursing shortage in the U.S. many trained nurses accept positions there.

What is needed in Jamaica is an increase in the salaries of health care personnel to make them competitive. Given a decent standard of living, most persons would prefer to remain in their country rather than face the dislocation in their personal lives caused by migration.

It is the view of the PSOJ that we are unlikely in the short or medium term to attract into the public sector the number of nurses necessary to fill the vacancies which now exist. As a consequence, there is need for job restructuring which would increase the numbers of nurses aides under the supervision of the registered nurses. This would free the remaining nurses to perform those functions which require their expertise, e.g. specialized nursing care and the dispensing of medication. Job restructuring would not only free the limited number of nurses to provide professional care, but would create entry level positions where an individual, over a period of time and with the necessary study, could become a professional.

Role of the Private Sector

The private sector health providers comprise doctors, dentists, hospitals, diagnostic centres, laboratories and insurance companies. There are seven private hospitals in the island. Utilization of the private services is significantly below capacity largely because of the high costs of the services and the lack of insurance coverage by a large section of the population.

There is currently no mechanism through which private practitioners can receive payment for care rendered to indigent or low income persons. To address this problem the PSOJ proposes that:

Government should make per capita payments to physicians and other (secondary and tertiary care) facility managers to provide care to the indigent population (those unable to make any contribution to their own health care costs) and the near-indigent (those who can make limited contributions).

Insurance companies would be encouraged to develop pre-paid insurance programmes for all but the indigent population. They would register members of such programmes with the providers of care and pay for such care on a per capita basis.

Diagnostic and Laboratory Services

This has been an area of growth for private sector health care providers. Unlike private hospitals, however, these centers do not receive tax exemptions. In addition there are high taxes on imported medical equipment.

The PSOJ recommends that these institutions be accorded tax exemptions, and that medical and diagnostic equipment be tax exempted.

These centres also face the problem of low rates of utilization. Because of the limited use of private insurance, many persons are unable to afford the fees and since the government does not pay for services rendered by these centres, low income and indigent persons are not able to use their services. A system as described above would assist in bringing these services to the sections of the population which are currently unable to access them.

The PSOJ recommends that where private sector diagnostic centres and laboratories exist that these be linked in a public/private sector collaborative effort in order to prevent duplication of equipment and facilities which the country cannot afford.

Family Planning

In recognition of the limited resources which are available for the social services, the PSOJ supports the priority which has been accorded to family planning. Families with two or less children are better able to maintain and educate their children and provide for themselves. Given the situation where only 10% of the population earns more than \$250 per week, it is obvious that small families are desirable. In 1974 the real per capita GDP was \$1,090.6, in 1980 it was \$856.8, and in 1988 it was \$840.6. This demonstrates that there has been a consistent decline in the standard of living of the average Jamaican. Children born to poor or unemployed parents are at a considerable disadvantage with a higher-than-average likelihood that they will themselves become unemployed and thus remain a charge to the society as a whole.

The Organisation therefore endorses the ongoing campaign of public education regarding contraceptives and other methods of family planning. The Organisation also supports the legalization of abortion, though for obvious reasons, no one should be *compelled* either to undergo or to perform an abortion. In addition, contraceptive devices and techniques should be easily accessible to the general public, and should be available free of charge at all government clinics, health centres and hospitals.

SOCIAL WELFARE

INTRODUCTION: Characteristics of the Optimal Social Welfare System

The purpose of a social welfare scheme is to help those who are unable to provide adequately for themselves. There is, of course, an inescapable reality: the greater the proportion of a country's citizens who need welfare assistance, the smaller is the country's ability to provide it. Recognition of this basic fact underscores the interdependence between the productivity of an economy and its social welfare policies.

Increased productivity eases the burden borne by a social welfare scheme in two ways. First, increased productivity translates into higher income which results in fewer people requiring assistance; and second, increased income dampens the negative effects on the economy of any given amount of resources devoted to social welfare. Since the need for and the efficacy of social welfare are intimately linked with the general performance of the economy, it is difficult to divorce a discussion of social welfare from consideration of economic policy. Suffice it to say here that poor economic policy leads directly to gravely deficient social welfare programmes. Jamaica's recent history bears this out.

In designing a social support system, great care must be taken to ensure that disincentives to work and produce are not built in. To the extent that such disincentives exist, social support contributes to the need for further social support. The design of a support system can affect the productivity - by way of its effect on incentives - only of those who are *capable* of being productive. The main function of a social welfare scheme, therefore, is to comply with the moral imperative of providing for the basic needs of precisely those who are not capable of being productive. In allocating the resources available to it for social welfare payments, a nation must give priority to those who are too old, too young or too debilitated to be productive.

The Unemployed

This principle does not deny the plight of the unemployed - those who are capable of producing but, perhaps through no fault of their own, cannot find work. A social welfare scheme does not, however, constitute a feasible solution to chronic unemployment. By its very nature, a social welfare scheme, in so far as it addresses unemployment, can be effective only in providing temporary relief from the consequences of short-term, cyclical unemployment. A social welfare scheme does not obviate the need

for private savings and other prudent behaviour by individuals and families, nor, at the national level, is it a substitute for sound monetary, fiscal and other economic policies.

Secondly, as a matter of general principle, no unemployment relief scheme should constitute a disincentive to work, nor should laws and industrial relations practices discourage labour mobility or encourage various forms of labour market rigidity. All such inflexibilities tend to raise unemployment rates and, thereby, increase claims on welfare resources.

This is a statement of general principles since the question of unemployment payments does not arise in Jamaica today. The economy is simply too poor to contemplate such an expansion of social welfare.

Retirement

Everybody who lives long enough becomes dependent on some sort of retirement income. Ideally, in a full-employment, productive economy, the bulk of this need would be furnished by private pension plans and other forms of savings, with some form of national insurance providing a safety net. Retirement income should be treated for tax purposes just like any other form of income. This is quite distinct from the nature of the tax structure itself. For example, if society decides that people over the age of 70 should have lower tax rates than people under the age of 70, so be it. But tax rates - whatever they are - should be applied to total income, irrespective of source, once it is accepted that income should be taxed.

There is another matter of considerable importance in the Jamaican context, and this relates to statutory pensions for former public employees. While this is usually treated as part of social welfare it does not fall into the category of charity. This category of state pensions is a matter of contractual obligation entered into at the time of employment and paid for by statutory deductions from the income of persons during their working lives. This category of pensions should at least be related to real purchasing power and not, as is the practice in Jamaica, remain nominal sums whose value virtually disappears with the passage of time and currency inflation. This is a species of fraud by the state and a breach of the principle of contract which should be corrected by law. If for example a primary school principal is entitled on retirement in 1970 to an annual pension of two-thirds of salary, then the pension in 1990 should be two-thirds of a primary school principal's pay in 1990, at the very least.

Infants and Young Children

The second of the three groups having prior claim on any social welfare scheme consists of infants and young children. Since no child is responsible for his birth, and for an extended period cannot provide for his own needs, it is an imperative of community that society looks after the very young whose minimal needs otherwise would not be met. There is also an efficiency argument to be made: failing to meet the basic nutrition, shelter and medical needs of the very young inevitably would increase the subsequent pool of adults who tend to be marginal producers or who are a net cost to society in one form or the other. It is not at all stretching the point to include pre-natal care under the basic needs of the very young.

Having recognised the obligation of a nation to see that the needs of its very young are met, one must confront the prospect of people having children in the feckless belief that society will provide for these children. A first general point here is that laws and customs related to parental responsibility impinge on social welfare. It should be an object of social welfare policy in Jamaica to strengthen laws which encourage family stability and reinforce parental obligation to children under the age of majority. Instability and parental default, especially the frequent failure of fathers to support their children, breeds welfare dependency which obviously increases demands on resources. Empirical data from a variety of societies reveal that the pattern tends to be self-perpetuating over successive generations. Similarly, a pattern of stable and responsible parenthood tends to repeat itself with a higher incidence of socially productive persons than the alternative pattern. It must also be emphasised as a basic principle that children are primarily the responsibility of parents. The state's responsibility is first to ensure that the parents discharge *their* obligations, and secondarily to be the backstop where the parents' means are inadequate.

Family planning clearly impinges upon the child-care provisions of social welfare. To guard against a social welfare scheme providing economic incentives for people to have children, the benefit per child per household should decrease with the number of children in the household. This is also consistent with the fact that the cost of maintaining a household increases at a slower rate with respect to the size of the household. (For example, a household in which there are three children does not require 50 percent more space than a household in which there are two children.)

The Infirm

The infirm constitutes the third group whose needs society is morally bound to meet if they have no alternative means of support. Here, in the interest of economic

efficiency as well as the self-esteem of the individuals involved, employers should be strongly encouraged not to disqualify people because of infirmity from tasks they in fact could perform, if given the opportunity. The private sector has a large role to play here, in adopting enlightened hiring procedures, in supporting training and orientation programmes for handicapped people, and in physical modifications of entrances, washrooms and workstations, where necessary.

Fairness: Rules versus Discretion

A very important characteristic of a satisfactory social welfare scheme is that the rules governing all benefits be clearly specified and strictly adhered to, and that the scheme be insulated from partisan political discretion. Social welfare, especially in the form of public housing, is believed to be strongly biased in favour of supporters of the political party which forms the government at any given time. Quite apart from fairness, this has highly undesirable practical effects: persons genuinely deserving of social welfare are denied, and there is less willingness by taxpayers to contribute to public social welfare funds.

THE SOCIAL WELFARE SYSTEM

The main responsibility for the Jamaican social welfare program rests with the Ministry of Social Security, though other agencies such as the Ministries of Education, Health, Youth & Community Development and Local Government perform a variety of functions.

Allocations to the Ministry of Social Security are made under the following seven categories:

- i. National Insurance
- ii. Public Assistance
- iii. Board of Supervision
- iv. Jamaican Council for the Handicapped
- v. Central Emergency Relief
- vi. Golden Age Programme
- vii. Other (including Friendly Societies)

The National Insurance Scheme

The National Insurance Scheme provides some thirteen distinct types of financial aid. These include the Old Age Pension or Grant, the Invalidity Pension or Grant, the Widows', Widowers' and Orphans' Pensions or Grants, the Funeral Grant, the Maternity Benefit, and the Maternity Grant. NIS also provides four types of employment-related assistance including medical treatment for injury sustained on the job, income maintenance during recuperation from injury, and death benefits. NIS also has special retirement and invalidity benefits for sugar workers.

There is apparently some reluctance to divulge current information about NIS finances - income, disbursements, investment instruments and interest or dividends earned, and cost of Administration. The most up-to-date *Economic & Social Survey* available at the time of writing (for 1987, published July 1988) lacks income and expense tables. It does reveal that there were 50,990 pensioners under the NIS in 1987 and that the average annual increase for the preceding four years was about 2,400 pensioners.

Such data as is available indicates that the NIS fund generates a rate of return that is far too low to assure us that it is well managed. Governments over the years have in fact used it as a source of cheap funds, but it should be recalled that the fund comprises monies taken from employees' NIS contributions and employers. Though they are statutory deductions the government does not have an unlimited right to the fund. Given the history of management and, consequently, low benefits, the NIS probably suffers from widespread suspicion among Jamaican taxpayers that all statutory deductions (including National Housing Trust "contributions") represent a less-than-optimal use of resources. Among the self-employed and informal sectors there is a high degree of non-compliance.

- (a) Coverage under NIS extends to all employed and self-employed males between the ages of 18 and 70, and females between the ages of 18 and 65. There is provision for persons who were previously covered by NIS but no longer are covered to contribute on a voluntary basis.

The scale of NIS is modest and payments and contributions lag well behind inflation. Contributions range from 40 cents per week (employee 15 cents, employer 25 cents) to about \$7.40 per week (employee \$3.65, employer \$3.75) at higher income levels.

Total benefits paid in 1985/86 amounted to \$46 million. As the value of most pensions was doubled on July 1, 1987, to approximately \$130 per month, the total outlay of NIS in 1989 may be estimated at around \$90 million.

- (b) The Public Assistance Programme: This programme is non-contributory and benefits men over 65 and women over 60 or permanently disabled persons who do not receive benefits from NIS or any other source and have an income of less than \$50 per week per household. By the end of 1985, about 30,000 persons (of whom two-thirds are women) each received about \$22 per month. Total grants provided annually amount to \$8.7 million.

- (c) The Poor Relief Programme: About 17,000 persons receive a monthly grant of \$22 each. The yearly expenditure is estimated at \$4.5 million.

Poor relief also includes the Food Stamp Programme. This was introduced in 1984 as part of a Government Food Security Programme (including also a school lunch programme) with the purpose of compensating for the substantial increases in the price of food that year. Food stamps valued at \$10 per month may be exchanged at shops for flour, cornmeal and skimmed milk powder. In 1986 the total value of food stamps redeemed was \$45 million and the number of registered beneficiaries was 380,000. The entire Food Security Programme covers the following:

i. Elderly

Some 200,000 persons generally not recipients of NIS benefits but eligible for poor relief assistance. To qualify the beneficiary's household should not have an income of more than \$50 per week.

ii. Pregnant and Lactating Women, and Children up to five years of age

These categories are eligible for assistance after registration with health centres, and there is no means test. Almost 200,000 benefitted in 1986.

iii. School Feeding Programme

This programme provides over 127,000 lunches per school day. The children contribute 20 cents each per lunch although those from the poorest families (10-20%) receive free lunches. In 1986 the total economic cost of this programme was \$34 million (assuming 191 days of school attendance and a value of \$1.40 per lunch for 127,000 school lunches).

The Scope of Social Welfare

Utilising data for 1986, approximately 43% of the Jamaican population are between 0-14 years and over 65 years and are assumed to be non-participants in the productive process. Even within the age groups of 15-64 years, a significant proportion can be classified as economically defenseless. The poorest may be defined as persons with a household income less than \$100 per week (\$5,200 per year). According to the "Appraisal of an Analytical Report on a Survey on New Initiatives in Health Finance and Administration" (the NIHFA Survey) the indigent population for the entire island was estimated to be 1,041,000 persons or roughly 44.3 percent of the popula-

tion. Perhaps as many as 60% of households are in distressful poverty. The unemployment rate in modern Jamaica has typically run at between a quarter and one-fifth of the workforce.

It may be argued that these statistics overstate the gravity of the situation somewhat. Jamaica's tropical climate allows a 12-month growing season and people do not need to be protected against extreme cold. There is a large informal economy. Undoubtedly a good deal of consumption is not measured in money terms. Given the prevalence of economic activities such as higgling, it is highly probable that a significant slice of national income goes unmeasured.

RECOMMENDATIONS

1. Budget Constraint

A nation in the economic circumstances in which Jamaica finds itself is severely limited in what it can do. The iron law of social welfare is that countries which need the most social welfare can least afford it. An absolute precondition for substantial improvement in Jamaica's social welfare programmes is a rational economic framework characterised by a market-driven export orientation, and prudent monetary and fiscal policies. However understandable the temptation, the urge to raise taxes so as to increase social welfare must be resisted, as is the suggestion that all welfare benefits should be indexed to COL increases.

2. Adequacy of Benefits

Notwithstanding what was said in 1. above, public sector pensioners who contributed to their pensions during their working lives are entitled as a matter of basic fairness to have their pensions bear a reasonable relationship to real values. The dollar a pensioner receives today is a small and diminishing fraction of the value of the dollar he contributed 10 years ago, much less 20 years ago.

3. Administration

A striking feature of the current social welfare setup of Jamaica is the extent of fragmentation of responsibility. Some consolidation, or at least close coordination, among the various agencies responsible for the welfare programmes seems called for in the interest of efficiency. This is particularly true in a nation such as Jamaica with a total population of under 2.5 million.

It is difficult to understand, for example, the rather convoluted relationship between the Ministry of

Social Security and the Ministry of Local Government in the administration of Poor Relief. Why should Poor Relief be distinct from Public Assistance? Is there compelling reason why responsibility for orphanages and old people's homes are in separate ministries?

On the inter-ministry level, close coordination among the Ministries of Social Security, Health, Local Government and Youth & Community Development is called for. The ministries are intimately involved with providing the basic needs of the elderly, the very young and the infirm. Lack of coordination complicates accountability and increases the probability of duplication or omission of services or of unnecessary administrative costs.

A second and probably related feature of social welfare administration is the inordinate delay and frequent error in the processing and delivery of services. It is beyond comprehension that civil servants themselves frequently wait for two years and more after retirement before they begin to receive their pensions.

The third caveat on the administration of social welfare is that information on the finances of NIS is not readily available to the public. The entire administration of NIS is frankly unsatisfactory. The public has no clear sense of who is responsible for the use of the funds and the guidelines which govern investment of funds. The PSJO unhesitatingly recommends the privatisation of NIS. We recommend the retention of the principle of compulsory savings for retirement and adverse contingencies. The base contribution should be low but each worker could voluntarily make additional tax-deductible contributions to the account. As in any private pension scheme private firms should compete for NIS funds and workers should be free to choose among several portfolio managers. The government's role would be to provide a broad regulatory framework and to guarantee a minimum percentage of payments - that is, act as an insurer of last resort.

In this way the administration of funds would be removed from political influence in investment decisions; the portfolio managers would be highly motivated to manage the funds well, and the economy would benefit by having savings allocated to their most productive uses. There would be no confusion of roles on the government side: it would act as a regulatory watchdog. We are certain that this would have very positive effects on the beneficiaries of NIS and would also serve to reduce the

high rate of non-compliance and evasion by contributors and potential contributors to NIS which now afflicts the system.

We urge the government to study closely the national insurance schemes of Chile, Singapore and perhaps also Britain, which have recently reformed their systems along the lines of more privatisation.

4. Subsidies

While subsidies are always economically inefficient some subsidies are socially unavoidable and the PSOJ unhesitatingly accepts that a humane society must subsidize certain groups of citizens who fall into the category of the economically defenceless. Some subsidies, however, are less inefficient than others. We urge the government to abandon the system of subsidizing goods and instead subsidize the people. It is far more efficient and effective social welfare to give cash or food-stamps directly to the people who need help than to use subsidies or price controls to hold down prices of goods which are available to *all* purchasers.

5. Private Sector Agencies

Over the years the private sector has made substantial contributions to enhance the effectiveness of social welfare. The PSOJ believes that there is room for more effective collaboration between the private sector and the government in order to facilitate the optimal use of scarce resources.

In this regard associations such as the Council for Voluntary Social Services (CVSS), YMCA, YWCA, and certain religious denominations et al, should

be encouraged and where possible receive increased grants in order to bolster their involvement in the social welfare of the nation. Experience has shown that these agencies are more effective at delivering care than government agencies. The role of the government should be to provide some finance and to facilitate and monitor activities in the delivery of care, e.g. making sure that adequate records are kept, that health and other standards are maintained, and that money is properly accounted for.

6. Children's Services

The activities of the private and public sector entities involved in this area should be encouraged and become more integrated. A sustained public education programme should be launched to promote proper child care and parental responsibilities. This suggestion is not lightly made. We believe that the high incidence of single parent and surrogate parent families, of abandoned children and abandoned old folk are not just functions of poverty. They are expressions of learnt attitudes and social structures which largely derive from weak, unstable or even debased family life.

For those delinquent parents who do not contribute to the financial welfare of their children, the legal framework should be strengthened to facilitate salary deductions at source. Furthermore, the age at which parents are required by law to maintain their children should be increased from 14 years to 16 years. Jamaica must make a serious effort to alter its traditional family structure and parental behaviour. This has significant direct and indirect consequences for welfare demands and resources.



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