

Golding's vision - Placing the people at the centre (Part 1)

BY KEITH COLLISTER

AT a key point in Jamaica's political history and a very difficult time internationally, Bruce Golding's first budget speech as prime minister was an impressive combination of a comprehensive analysis of the problems Jamaica faces, bold policy proposals, a conciliatory, bipartisan tone whilst always remembering his pre-election promises.

However, if we exclude references to Prime Minister Golding's bold move to allow casino gambling, and some unsatisfactory coverage of the extensive problems faced by the NHT, the media's coverage of Golding's budget speech has been somewhat limited to date, perhaps reflecting the difficulty in summarising the number of issues raised.

The prime minister began with a cogent analysis of the turbulent global environment, noting that world food prices have risen by about 45% in the last nine months, roughly the same time as our new government have been in office.

Reminding Jamaicans that "The world is now facing the worst global food crisis in more than 50 years", Golding correctly identifies one of the key contributory factors. "As the price of oil climbs, crops normally grown for food are being used to make fuel, thus putting more pressure on the dwindling supplies of food."

The overriding focus of Golding's speech, however, was the need to improve Jamaica's human capital through investments in the education and health sectors, as well as the need to reduce

corruption and create an environment of good governance.

So far, measures to ease the pressure on the poor created by high inflation and food prices had included a \$500-million subsidy on food items in the first quarter, and the rise in the minimum wage.

In addition to expanding the PATH programme, Golding appears to focus on the provision of additional education and health benefits as the way to help the poor, namely the removal of tuition fees and hospital charges.

The prime minister noted passionately that: "We abolish tuition fees in high schools so that poor people's children are not kept out of school because they can't pay the fees" and "we abolish hospital charges so that poor people don't have to stay home and die because they don't have the money to pay the hospital fees".

Golding disputed Opposition descriptions of this as "freeness" or "clientelism" by noting that the Survey of Living Conditions (SLC) in 2004 reported that Jamaican families spent \$19 billion of their own money on education: uniforms, bus fares, lunch money, books and, at that time, tuition fees, suggesting in his view that Jamaicans were taking as much responsibility for themselves as they can.

Citing further data from the SLC report of 2006, Golding noted that 35% of the poorest quintile (bottom 20%) said they were not able to seek medical help because they had no money, and that there was a 50% increase in real terms in expenditure at public health facilities compared to 2004, whilst expenditure at private facilities fell 47% and



Bruce Golding

expenditure on education fell 7%. Golding argued what these figures indicated "is that not only were they leaving the private doctor and turning to the public hospitals, but they now had to make a choice between taking granny to the hospital and sending Junior to school."

Golding vigorously rebutted some Opposition arguments that government assistance should not be extended across the board, but targeted to those who are most vulnerable, partly by noting the practical difficulty of such a targeted approach.

A good example of what appears to be his view on the matter was that Golding had considered directing assistance to the poor through the PATH programme, but went the food subsidy route as an interim measure because one third of the estimated 360,000 persons

living below the poverty line were not PATH beneficiaries and would therefore not benefit. Golding has however committed the Government to expanding the PATH programme this year to include all these additional persons below the poverty line.

Echoing some of the key issues of the national summit between the Government and the private sector last year (and indeed the JLP's election manifesto), Golding argued the Government were taking steps to improve the country's business friendliness.

Tax Reform

Despite emphasising the key importance of improving Jamaica's tax system in enhancing our business and investment climate, Golding noted that the Government had had to push back their comprehensive tax reform programme to next year.

This delay was not only due to the need to complete some of the preparatory work for the planned reform, but because Jamaica's extraordinary economic circumstances had made the impact on revenues of a major tax overhaul very difficult to predict.

However, Golding argued forcefully that tax reform remains an urgent priority as our "tax system is inequitable, inefficient and leaky".

He quoted some of our seriously embarrassing tax collection statistics, namely that customs duty collections amounted to only 1% of the value of imports, 1% of registered companies account for 75% of corporate taxes while 75% of registered companies account for less

than 1% of corporate taxes, and that an estimated 80% of the company taxes and 50% of the property taxes are not being collected.

Commenting on individual taxpayers, he noted that apart from the 245,000 PAYE or what he termed "prisoners as you earn", only 4,000 individuals are paying tax, leaving an estimated quarter million potential taxpayers paying nothing.

Quoting from the Matalon report, Golding noted that for every \$100 of revenue we collect, \$60 goes back out in tax relief, waivers and concessions.

Reducing Bureaucracy

As the prime minister colourfully put it, there was a need "to roll up the red tape and roll out the red carpet" for both local and international investors.

Some of the more familiar measures he mentioned included working with the Jamaica Chamber of Commerce's "Legs & Regs" Committee to reduce bureaucracy by simplifying and eliminating business procedures that serve no useful purpose, and overhauling the development approval process to create a single, cross-cutting, one-stop agency to evaluate land use and building projects within 90 days.

Other key measures that he intended to tackle were the difficult, longstanding issue of labour market reform, and reviving the social partnership discussions. He noted that as Opposition, the JLP had come in at the tail end of the previous discussions, essentially too late to affect the agenda.