

## Chapter Sixteen

### Sustainable development

The Government describes the fulfillment of its constitutional duty to create a climate of economic wellbeing in the context of respect for law and order as the creation of a Sustainable Island State. It gives the major pillars as food security, green energy transition, economic diversification, sustainable industries, creative economy, COVID 19 recovery, social protection. The Government says boldly we need a fresh start and positive change and the qualities required must include resilience, cooperation and strength. This is very creditable. It is a pity that this important goal was not previously recognized especially when the country had the money to make substantial progress along this path. But better late than never.

The pillars stated by the Government are the key pillars to support the Sustainable Island State. However below the pillars there must be solid, immovable foundations. These include:

- accountable governance
- an attractive investment climate
- fiscal stability
- a trained workforce
- good standards of productivity and service across the economy
- availability of capital for investment
- a strong private sector
- stability in the rule of law
- a strong legal system

- constitutional protection of property
- a fair tax system
- control of corruption
- good infrastructure
- a strong public service
- positive attitudes
- strong pursuit of excellence
- savings for a rainy day

I have addressed in various sections of this book the current state of some of these foundations. I will focus in this chapter on others which are or were too often ignored.

#### The human element

The most important part of the foundations of sustainable development is the people. Sustainability will only be achieved if the people want it and if they approach it and perform accordingly. Too often we look at all the fancy economic theories and ignore the human element. Attitudes and human development are the key human elements. Realisation of this has been clouded by the entrenched political culture. If that culture is not changed the human foundation will not be built and a Sustainable Island State will not be achieved. In place of the prevailing culture we need a culture of high performance and excellence.

We call our national heroes The Right Excellent. We ought to truly honor them by developing a culture of excellence. A key ingredient in building a sustainable state is human excellence. The statement attributed to Aristotle is so pertinent. "Excellence is not an act it is a habit" We need to create that habit as part of our culture. The required excellence should be reflected in positive attitudes, strong productivity, high quality of service, good public order,

a consistent system of public discipline and widespread individual discipline. These all require awareness and commitment from the people as well as the leaders. They require action as well as talk. Establishment of a culture of excellence requires the unity of purpose which our constitution says is our goal. The leaders have to lead the way and influence the cultural changes needed.

You can do all the physical development you want but people are the core of the state and their outlook and mentality have the biggest influence on its real development and growth. St. Kitts and Nevis has for too long overlooked this. This is due in part to the political culture which has been to pander to the people and not to tell them the hard facts. The hard facts are that productivity is very low, the quality of service is variable, public order is vulnerable, standards of public and individual self discipline are inconsistent and there are too many negative attitudes and cultural habits. Human excellence and unity of purpose are the most important but will be the most difficult components of sustainability to achieve.

The goal of converting St.Kitts and Nevis into a Sustainable Island State is achievable but will be a huge task. Despite the miniscule size of the country and its limited natural and human resources and the increasing risk of natural disasters St. Kitts and Nevis is ranked by the International Monetary Fund as a high-income economy. The country cannot therefore expect concessionary treatment in the international market. It will have to compete with countries of all sizes. It has been very fortunate to have had substantial direct financial assistance from Taiwan over the 40 years of independence. We have to hope that Taiwan continues to exist as an independent economy and continues its support for the development of the economy.

The UN defines sustainable development as ‘meeting the needs of the present without compromising the ability of future generations to meet their own needs’. That definition

means nothing unless specific goals and targets are set and their achievement is measured consistently against the set goals and targets. In this case it is also crucially important to recognize and accept what is not sustainable. I expect that the government will flesh out its policy and set targets to build the stated pillars. However accepting what is not sustainable will be much harder because that will require uncompromising leadership and involve massive changes in the national mindset.

Here are some of the things that are not sustainable.

- reliance on the CBI for close to 50 per cent of national non recurrent revenue
- continued bloating in the size of the government service
- the handout mentality that government must as well as providing for the needy give people everything they want
- the favoritism of government supporters
- marginalization of the opposition in economic development
- the low level of productivity in the public service and elsewhere in the economy
- continued run down and lack of maintenance of public property
- the continued decline in law and order

Continuation of these conditions will drag the economy down and prevent the establishment of a Sustainable Island State.

The government has recognized that Singapore provides a good model in terms of its policy on remuneration of Government leaders. I suggest that Singapore also provides a useful model in specifying and targeting its sustainability goals. In its usual transparent way and with its strong pursuit of excellence Singapore has published a model of its Green Plan

2030 which is well worth reviewing as an example. It contains detailed targets by year. The importance of this is to make Government accountable for its progress towards the targets set.

I will highlight some of the areas which have been given least prominence in the national debate on this topic. These will severely test the qualities of resilience, cooperation and strength quoted by Government as essential ingredients of the struggle ahead.

#### Respect for the rule of law

The constitutional principle accepted by the country ties economic well being to respect for law and order. That is a proper connection because without law and order our economic wellbeing is seriously threatened. Here are a few examples where there have been failures within Government to respect the rule of law resulting in challenges to economic wellbeing.

The rule of law has been infringed by the wanton disregard of the Constitution in the registration as citizens of persons who do not qualify under the Constitution or the Citizenship Act. Cheating on the grant of citizenship does not bode well for the future. It is bad enough that we sell citizenship like a commodity but to give it away as has happened for political benefit in the past is a recipe for chaos.

As I have described in the chapter on Accountability the Finance Committee of the National Assembly does not function as intended or at all. That degrades the effect of the National Assembly as the main feature of the legislature, one of the three branches of Government. It reflects the political culture that the Opposition must oppose every decision taken and programme introduced by the Government in power. Nothing done by the Government is good and no constructive criticism must be given. If the country can't trust its elected leaders to follow the rule of law in their affairs who will?

Blatant disregard of the Finance Administration Act in extra budgetary appropriations as indicated in the Director of Audit report for 2022 is another major breach of the rule of law. The expenditure in 2022 was 45 per cent higher than approved by the National Assembly in the budget. That degrades the importance of the National Assembly in the budgetary process. It hides from the public the actual Government expenditure which opens it to suspicion. Extra budgetary expenditure in the Prime Minister's office in 2022, an election year, exceeded 31 million dollars which puts that office under scrutiny given the vast powers of the Prime Minister.

### Corruption

I have described the threat posed by this plague. Unless it is decimated St. Kitts and Nevis will not become a Sustainable Island State.

### Taxation

The level of taxation is moderate and incentivizes investment, personal and corporate. The Inland Revenue Department has been substantially reformed to the benefit of the country with many highly trained and efficient management and staff. That reform needs to be taken to the next step in enforcement of the tax laws across the board and in rationalizing the legal basis for tax incentives.

Tax systems everywhere are not foolproof to corruption. While individual taxpayer information will not be available to the public under the Freedom of Information Act it is imperative that Government find ways to instill confidence in the public that the tax laws are being fairly applied. Many in our local business community feel that, while they are hammered for all taxes and more, the same is not applied to many foreign businesses. If taxpayers do not have confidence in the enforcement of tax laws not only will Government be deprived of tax revenue but the investment climate will be negatively affected.

## Meaningful national consultation

I have addressed this problem at length on this site. It is very relevant in this context. There is an urgent need to adapt the political culture to reduce the divisiveness and promote genuine and meaningful national consultation on our economic wellbeing by whatever name we call it.

## Productivity

The measurement of productivity of a country is a complex process but it is important in the assessment of economic development. Productivity measures are used to indicate how well a country uses its human and physical resources to generate economic growth. The growth in our GDP over the years suggests that our productivity has improved. Ultimately though we have to ask ourselves how efficient at work are we as a nation. The current honest answer is we could do much better.

St. Kitts and Nevis is primarily a service economy heavily reliant on tourism. In our context therefore productivity means largely the quality and efficiency of service in the tourism industry. That industry is one of the most competitive industries in the world. The competitiveness of the country in tourism is highly dependent on the quality of the tourism plant and service. That in turn depends heavily on the standard of performance of management and workers in the industry. The industry includes not only hotels and restaurants but all businesses which serve the industry directly and indirectly. The service in our tourism sector can best be described as variable and in need of improvement.

The standard of productivity in other sectors of the economy is also important as we seek to attract investment. That includes the public sector as well as the private sector. The public sector carries approximately half the country's work force. I am sure we all agree that there is plenty room for improvement in productivity in all sectors of our economy. As I

repeat it would help if the Civil Service concentrated on the service in its name rather than the power base it reflects.

It is heartening to see that this weakness is being directly confronted with the establishment of the National Productivity Council and the very important involvement of the ECCB in the work of the Council and in making recommendations. But much more is needed than the Council to enhance productivity. Urgent reform of the Civil Service is needed as are changes in a range of societal attitudes which I will address.

Harsh as it may sound there is justification in the comment that our people have the demands of a first world people but not the work habits. We need a culture that rewards excellence in service and deters lazy and unproductive work habits. If the changes that have been suggested to legislation to entrench employment regardless of performance are pursued the private sector will mirror the public sector. That would kill all efforts to improve productivity in our economy. It would make the National Productivity Council redundant. Workers rights should be protected but the importance of performance should be strongly promoted and incentivized.

We have thousands of immigrants from the OECS, Caricom, Dominican Republic, India, Philippines and elsewhere. Most of them are gainfully employed and content with life here. They have little by way of handouts to support them. Their productivity attracts employers while so many of our people complain with their hands out to the politicians. Further growth of our economy will be heavily dependent on the productivity of many of these immigrants and on improved productivity by locals.

Chinese business

It will also require rationalization of Chinese owned businesses which have built in advantages in funding from their own government and cheap (almost slave) labour.

No government has explained why they are allowed in endless numbers when our people are anathema to them and they make no contribution to our community, to sport, to carnival, to culture. All they do is sit in their shops and steps, sell their goods and laugh at our people.

This country has had excellent diplomatic, commercial and other relations with Taiwan for the entire 40 years of independence. There is a treaty which established the methods of participation of Taiwan and its people in this economy. The Taiwanese have respected that agreement to the letter. No attempt has ever been made by Taiwan to exploit this country or its people. Yet the country which has no diplomatic or other formal arrangements with China has allowed Chinese nationals to come in and exploit the country in ways I have described.

The political culture

The biggest deterrent to achieving a Sustainable Island State is the prevailing political culture and the negative attitudes which it has spawned and embedded in our country. I have addressed this at length elsewhere in this book.

If the culture I have described is perpetuated there will be little hope of a Sustainable Island State save in lip service. What is needed is a long term plan and for the people to be persuaded that the plan is feasible.

Crime

The criminal activity and the payment of criminals to behave (which has not worked anywhere and never will) has very sadly overshadowed the excellent upbringing and achievements of so many of our young people and tarnished the good name of the country. The solution to misguided youth is long term but there is need for a fresh start and strength in addressing it and that should include at the forefront the problem of parenting. This requires a whole of society approach. The attitude to parenting and the absence of parents in the

upbringing of many of our young people has resulted in the increasing number of lost young men whose anti-social and criminal behavior reflect their disregard of societal norms and in some cases are a direct challenge to the society. This is really disappointing given the economic progress and the universal accessibility of education. It is not helped by the segment of the music culture which glorifies violence. It is known elsewhere in the Caribbean as “murder music”. The glorification of violence even appeared in a Jouvert troupe on Boxing Day 2023 with the feature of each costume being a plastic machine gun.

There are programmes to assimilate the wayward youth into positive citizens but programmes are also needed to instill responsibility in and to assist the wayward and irresponsible parents in the upbringing of their children and to avoid the problem becoming a permanent one.

As simple as it may seem the prevalent lack of inter-personal respect, respect of parents for teachers and respect for the laws of our roads by drivers and pedestrians alike reflect the decline in attitudes that should be reversed by a combination of persuasion and law enforcement.

### Sovereign Wealth Fund

We have mostly graduated from aid except from our great friends Taiwan. We are not guaranteed support from the developed world in the event of disaster.

We therefore have to look for ourselves. That’s why it is such an outrage that successive governments did not create a Sovereign Wealth Fund to save and invest some of the billions generated from the CBI. Instead that money was almost entirely spent with focus mainly on political benefit to themselves by the parties in power at the time. An effective Sovereign Wealth Fund is required for what’s left of the CBI money.

Publication of Government policies, key decisions and statistics.

Secrecy has been a tool of Government policy. That is why it has taken so long for the Parliament to bring a Freedom of Information Act into effect despite the clear constitutional rights that such legislation gives effect to.

But government should not wait on requests for information to be made for disclosure of Government policies. Such policies should not be secrets. Access to the full extent of such policies is crucial to economic development. All Government policies including those affecting the operation of business, investment and development should be published online and updated except those genuinely withheld for security and defence. Statistics on all aspects of the economy should also be readily available.

I can only highlight the need for significant changes by a personal story. In 2009 I was invited by the Douglas Government to chair the National Competitiveness Council an informal body comprising prominent private sector businessmen and professionals and nominees from the public service. The purpose was to review and report on the standard of economic competitiveness. The Council asked specifically to be provided with all reports and statistics available to Government and relevant to its task. The Council was told by Government officials that there was no prior report. The Council met frequently and presented its report to Government in 2010. It was then discovered that the United States had funded just two years earlier a substantial report on the competitiveness of the country. When I went to Cabinet to present the report of the Council I asked whether the Cabinet knew of the US report. They all said they did not. One of them commented that maybe a PS had it hidden under her skirt.

Diaspora

A national plan should be created with public and private sector co-operation to

promote access to and investment by the diaspora. There is no exact figure as to the number of nationals living abroad but it cannot be doubted that given the 'liberal' application of our citizenship laws that figure runs into the tens of thousands.

### Entrepreneurship

The programmes in place for the promotion of entrepreneurship among nationals should be expanded with greater consultation between Government and Civil Society to promote an entrepreneurial spirit and to encourage and train nationals to compete with those from abroad who enter the open economy of the country. Otherwise there is a growing risk that nationals of St. Kitts and Nevis may be reduced to the status of consumers.

### Financial education and savings

It is very good to see an awareness at last of the importance of financial literacy to the sustainability of the country. Standards of financial literacy and discipline within the communities are variable. It is a key element in the creation of entrepreneurs but it is essential to the entire community. Enhanced financial literacy will promote greater self-reliance, financial independence and reduce dependence on the Government.

Financial literacy is a cultural habit which the people of St. Kitts and Nevis should be encouraged and taught to develop. Education on this topic should begin from an early age. Research shows it can have an impact even at the age of seven. The children and adults should be taught that money is not there just to spend impulsively and on desires but to be spent wisely and saved. People from other cultures among us understand that intrinsically. They will always have an advantage in business and generally if the people of St. Kitts and Nevis do not develop this culture.

Pursuit of this worthy goal should not be limited to the promising programmes under development such as 'Elevate' but should be the subject of a national dialogue and awareness campaign.



