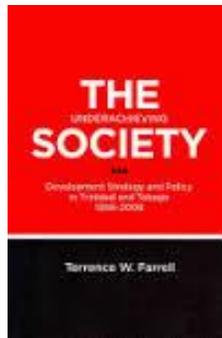


# Underachieving T&T

---

Norman Girvan

**Comments at the launch of *The Underachieving Society: Development Strategy and Policy in Trinidad and Tobago: 1958-2008*; by Terrence W. Farrell. Mona: UWI Press, 2012; at NALIS, Port of Spain, May 2, 2013**



This book is a clearly written and highly accessible descriptive/analytical account of Trinidad and Tobago's economic development experience, post-Independence; focussing on the development strategy and policy of successive governments. We need more national critical literature of this kind and a national critical debate on development policy. The issues are wider than those covered in IMF reports, World Bank reports, the business editions of the Express and Guardian and the highly valued reports of the Central Bank.

Dr Farrell's book joins a long and distinguished line of seminal works on the economy of Trinidad and Tobago. I have been following this over the years from the time of Frank Rampersad's article on growth and structural change in the economy of Trinidad and Tobago 1950-1961; through to the work of Willy Demas, Lloyd Best, Eric St Cyr, Trevor Farrell, Dennis Pantin, Wendell Mottley and Gregory McGuire. We have had several strategies and conceptualisations including export-led industrialization, Open Petroleum Economy, Plantation Economy, structural transformation, Rentier State/Economy, Offshore and Onshore Economy and Industrial Policy. Now we have the Underachieving Society.



**Dr Terrence Farrell**

The title is provocative. It carries three implications—(a) treating with society; not just economy, (b) performance falling short of potential, and (c) failure of effort or commitment. An individual who underachieves is not only failing to realise his her full potential; he is not fully committed to excellence; content with mediocrity. He is selling himself short. Dr Farrell Terrence hints at that in the last chapter; in a section headed “We like it so”—more about that later.

Most of his text, however, is concerned with *underperformance* rather than underachievement. Two of his comparator states are Norway and Singapore. Both are small; but Norway has performed far better than T&T in the use of its resource rents (oil revenues) and Singapore has performed far better in development, with practically no natural resources at all. His diagnosis of what went wrong focuses on four key factors: (i) policy (ii) implementation, (iii) culture and (iv) ethnicity. His prescription follows from this. The emphasis is on having sound macroeconomic policies—fiscal and incomes policies—and better implementation of plans and projects, better prioritization of projects and better procurement practices.

I would therefore characterise Dr Farrell’s approach as that of a policy pragmatist. He is not a structuralist, not a Plantation Economy theorist, definitely not a socialist, not a neoliberal economist—though he does draw some elements from neoliberalism—and not an advocate of the development state and industrial policy; though there are elements of that too.

On the matter of policies, I would have liked to see his ideas about addressing the effect of perverse incentives that encourage investment in relatively non-productive activities, rather than activities that diversify and transform the economy, which was the subject of a long quotation from a private communication from this speaker (p. 244). On the matter of project implementation, I could not agree more. Dr Farrell has done a great service by extracting information on cost over-runs on major public projects from Uff Commission of Enquiry Report (Table 18.1, p. 245). The figures are mind-boggling—304% on the Scarborough Hospital project for instance. What is even more alarming are the projects for which no data are available on the final cost. For instance the International Waterfront Project has an original or adjusted cost of \$1,664 million, but no information is available on the final cost. Similarly for NAPA—original or adjusted cost is \$458 million, actual final cost unknown. In such instances Table 18.1 sets the cost over-runs at 0%. This is being kind, for we just don't know what they are. Which is worse—spectacular cost over-runs, or spectacular lack of accountability?

Coming from a resource-constrained country as I do (Jamaica), I am impressed by the way that this country routinely wastes huge amounts of money on public projects, only to be followed by a fresh round of high profile projects, which everyone knows beforehand will also waste a lot of money. One can't help wondering if there isn't a kind of systemic *propensity to waste* in a cash resource-rich country such as this one. The incentive to spend money efficiently is weak, since there are hardly any adverse consequences of waste--and few penalties on those who are responsible--because there is always more money (revenues) flowing in to make up the difference. Also, the debt burden is low and financing is always available as a backstop. It's almost like another kind of 'Dutch disease' or symptom of the 'resource curse'.

On the third and fourth factors responsible for underperformance—culture and ethnicity—Dr Farrell is very candid in his observations. I especially like the quotations from the Uff Commission Report regarding the culture of mutual non-enforcement of rules (pp.248-251), which amounts to a “you scratch my back and I scratch yours” syndrome, combined with the network of mutually supportive personal relationships that exists in a small society. Accordingly, Dr Farrell stresses the need for reforming public procurement and implementation practices, and of mechanisms that will mitigate ethnic rivalry and competition in the public sector. But perhaps his most important proposal is for the establishment of a permanent professional development agency that will provide policy continuity from administration to administration, supported by an independent statistical institute.

I couldn't help wondering whether he isn't being somewhat idealistic here. What are the chances of the politicians ceding real power to such a body? Would not the same cultural and ethnic factors he alludes to act as impediments? To my thinking, this is recommending a kind of 'Singaporean technocracy' which has been so effective in driving development in that country—but without the cultural and political underpinnings of a Singapore. Hamlet without the Prince of Denmark!

I do agree, however, that something like this would be a very positive development. Dr Farrell makes a very compelling case that the abandonment of planning in the 1970s was a great loss to this country. He refers to the Vision 20/20 exercise of the 2000s. I for one believe that this was the single most important policy exercise undertaken in this country in its entire post-Independence history. To have mobilised hundreds of professionals, stakeholders from the public and private sectors and civil society, information, diagnosis and identification of potential growth clusters and supportive policies: this was a remarkable accomplishment. To have sidelined Vision 20/20 in preference for the kind of projects that are shown in Table 18.1, was I think a great missed opportunity. Had it been used as the framework for the use of the resource rents of the boom of the 2000s, surely we would be in a better position today.

So at the end of the day we are left with Sunity's question—how can a culture escape from itself? One answer might be that the only way is for there be an external shock—a prolonged external shock—that shakes the place out of its culture of complacency and the systemic disconnect of remuneration from productive effort. For instance, what would happen if T&T were to run out of oil and/or natural gas practically overnight? Or what would be the consequences of a really effective global treaty on climate change mitigation; one that cuts fossil fuel emissions so drastically that the bottom falls out of the fossil-fuel energy market?

Neither of these developments appears to be likely. In any case, an external shock is not guaranteed to have a positive result. It can as easily result in a social implosion, in chaos, social disorganization, political instability, and mass emigration. In an ethnically fractured society, these dangers are multiplied.

So that brings us back to the crucial necessity of creating and sustaining a tradition of informed public debate. Or as Lloyd Best would say, of playing for time; because you never know when openings for new interventions will arise. The appearance of Dr Farrell's book is timely; it

deserves to be read and re-read, widely studied and debated; the subject of seminars, panel discussion and public forums. He has done us a public service in writing it and bringing it through all the demanding stages of academic publication required by the UWI press. Let us make full use of it. Thank you Terry.