

Text of Address to the 29th Annual Conference

**THE HUMAN RESOURCE MANAGEMENT ASSOCIATION OF
JAMAICA (HRMAJ)**

On the theme:

Human Development for a Modern Agricultural Sector

November 27, 2009

Paul Jennings, PhD

CEO

Jamaica Dairy Development Board

Felicitations etc.:

Mr. Chairman after readily agreeing to the invitation to present this address, it dawned on me that as a cow man I just might have bitten off a little more than I could chew on. In drafting this address I must have made about four or five false-starts. After some introspection I realized that my own personal life experience offered a frame on which I might sketch this address to ensure its relevance to this audience. A bit of serendipity brought my daughter, while surfing the net, to discover the brief bio-data requested by your event coordinator. This led me to a second look at the bio-data to see whether I could find the hook I needed.

I would proffer, Mr. Chairman that the most relevant features of my life history are that firstly, I am the proud grandparent of two lovely grand-daughters and secondly that my early educational

exposure was at the North Street Congregational Primary School, the unlikeliest of cradles for a professional agriculturist.

I trust Mr. Chairman that your audience will indulge me in exploring how these two very personal elements of my background have a direct bearing on what I have been asked to address you on today i.e. "Human Development for a Modern Agricultural Sector".

Firstly ladies and gentlemen being a grandfather provides me with the hope of redemption and the possibility of justifying my existence as I take responsibility as part of the baby boomer generation for having presented our succeeding generation with a shrunken pie of opportunity. We have collectively failed the next generation in our custody of the Jamaican economy such that my own daughters are confronted with fewer opportunities for self actualization in 2009 than I faced upon graduation from High School in 1969. The undeniable fact is that our economic growth has stagnated over the intervening forty years, resulting in a shrinking pie of opportunity for our children. Grand-children therefore provide the motivation and an opportunity for my generation, still the most significant cohort in national leadership, to get back on track or be condemned by posterity.

The second and correlated issue is that having received my early education at North Street Congregational Primary earmarks me as a product of the inner city – a 'bwoy' born at 'Lying in' or

“Lineen” if you are a reader of Barbara Gloudon. As a boy born on Orange Street, I am acutely aware that I have beaten the odds educationally and professionally. The question is whether we can rightly claim that we have improved upon those odds nearly three generations later. I leave that as a rhetorical question. As a Ruminant Nutritionist I will leave you to **rumin**ate on whether a child (and in particular a male child) born today under the conditions of social and economic deprivations of the Jamaican inner city, has a greater statistical probability of approaching his or her full human potential than one born and reared in the same geographical space during the 1950s.

The question you might well ask is what has all this got to do with the ‘price of fish’, to use a common cliché.

In 2008 we spent in excess of US\$1.03 billion on the importation of food and other agricultural products, a 45 percent increase within two years. **I make bold to suggest that we have the potential to produce or substitute up to 60 percent of these food imports.** When we add to this the import bill of US\$3.6 billion for fuel, in respect of which we are endowed with a capacity to replace as much as 30 percent through renewable sources, the opportunity cost of our bad choices are unrelentingly before our eyes and ears every single day. The social decay and constant challenge to law and order need no econometric calculations to determine the opportunity cost of our import

dependent policies. A more objective assessment of this opportunity cost, however, might be derived from a consideration of the opportunity foregone to sustainably increase beef and dairy production in Jamaica. In 2007 foreign exchange expenditure on beef and dairy imports was approximately US\$70 million. Jamaica is particularly well endowed for self sufficiency in milk and beef given that we uniquely boast the development of four highly productive breeds of tropical cattle and possess ample resources of land best suited to the production of improved pastures.

At the Dairy Board we have calculated a capital absorption rate of about J\$750,000 per hectare for establishing a new dairy farm milking above 250 cows. At the US\$70 million (J\$6.3 billion) transferred out of Jamaica in 2007 we might, alternatively, have invested in dairy farming on 7,500 hectares, milking cumulatively 37,500 cows producing annually, 122 million litres of milk and 6.3 million kilograms of beef. The foregone revenues at farm gate at 2007 prices is approximately J\$6.5 billion and, at an established multiplier of 3.5; the incremental contribution to GDP, J\$19.7 billion.

How does this affect Human Development?

I put it to this audience that from our bad policy choices in respect of just the cattle sector, we have sacrificed the opportunity of real education reform.

From a national perspective we may view Human Development as the outcome of socio-political strategies and policies that influence national well-being as defined by life expectancy, educational attainment and purchasing power parity, the last providing a relative measure of standard of living. These form the core variables that inform the UNDP Annual Human Development Index, a ranking which implies whether a country is developed, developing or under-developed. In the Human Development Report for 2009, Jamaica is ranked 100 out of 182 countries. We have set ourselves the goal of attaining first world status by 2030 which means raising our HDI from its current 0.766 to above 0.90 thus approaching the levels of Human Development common to the developed countries which includes Barbados ranked number 37. In terms of life expectancy we have already attained levels common to the developed world. However, it will require quantum leaps in our educational standards to move the Jamaican workforce to the levels of productivity comparable with first world countries. The challenge therefore is primarily one of Human Resource Development.

My essential thesis is that the absence of self reliance in food production as a national strategy ultimately poses a major limitation to attaining acceptable levels of Human Development in Jamaica.

Again taking the cattle sector as an example, our policy of import dependence since 1992 has resulted in the following:

1. The loss of significant livelihood by an estimated 30,800 persons¹;
2. A reduction in per capita consumption of milk by 22 percent and of beef by 33 percent, compared to pre 1992 levels;
3. Significant decline in farm gate revenues; the farmer's share of the dairy products market having fallen from 17.4 to 3.0 percent between 1994 and 2007².

The net result is that we have severely eroded our wealth creation base thus sacrificing investment in human development; significantly reduced rural incomes, while the Jamaican population has been rendered more nutritionally vulnerable, as it relates to the consumption of the most basic of human foods, again jeopardizing the full development of our human capital. This response has not been confined to the cattle sub-sector, but has been repeated throughout nearly the entire domestic food producing sector. The multiplier effects are highlighted in our languishing in the nether regions of the Human Development Index but moreso in the social malaise that characterizes the very existence of a significant proportion of our population.

¹ Duffus, B.G and Jennings, P.G. 2005 *The Current State of the Jamaican Dairy Sector*. www.jlalt.com

² Jennings, P.G. 2005 *Managing dairy Cattle for International Competitiveness. Strategies for Attaining Sustained Competitive Advantage*. www.jddb.gov.jm

The crisis of the world food and commodities market which occurred between 2006 and 2008 and the current global recession have clearly exposed the fallacy of import dependence as public policy. All the analyses suggest that the world is confronted with, at best, a medium term cyclic phenomenon of food shortages and skyrocketing prices leading to sustained food insecurity, particularly in developing countries. As a nation therefore, we have urgently to recognize the imperative of a sensible approach to ensuring not only access and affordability, the essential elements of the concept of Food Security, but also to recognize that like access to nutritious food, the guarantee of an environment which assures each citizen a livelihood, is also bound up in the UN Charter of Human Rights to which Jamaica is an original signatory. In this regard the challenge of optimizing human potential is critical to any notion of sustainable agricultural development.

The neo-liberal ideology of the hegemony of the market has been resurrected as the dominant economic philosophy of the past two decades. It has been based upon a 19th century model of comparative advantage developed by David Ricardo. This propounds the hypothesis, from my non-economist's perspective, that in respect of international trade, a nation's optimum strategy for resource allocation resides in selection of the productive option that results in the lowest opportunity cost relative to other enterprise options. It is a very elegant hypothesis, from a

mathematical perspective, which historically, however, has been sequentially adopted then discarded by the leading industrial countries since being expounded by Ricardo. The current world recession owes much to the resurrection of Ricardian economics by the 'Chicago School of Economics' led by the late Milton Friedman.

The essential flaw of the Ricardian model, as it relates to developing countries such as Jamaica, is in the key assumptions of full employment and that labour, unlike the other factors of production, is non-mobile across national borders. While this assumption might have been appropriate to the much more diverse economic base of 19th century industrial Europe, to date countries like Jamaica have not yet reached a stage of economic development which affords internal mobility across a still comparatively narrow economic base. The unfortunate and inescapable result of Comparative Advantage policy in countries such as Jamaica therefore, is the displacement of agricultural labour (which historically has the least mobility to start with), the strangling of agricultural entrepreneurship and increasing rural poverty. It is worth noting that China and before her, Japan and the 'East Asian Tigers' have steered clear of 'Comparative Advantage' in piloting their economic development. The insistence of the OECD countries through their proxies, the multi-lateral bureaucracies, that countries like Jamaica stay the course of *laissez faire* market dominance, is not just disingenuous but has

appropriately been described by analysts including Ha-Joon Chang³, a Cambridge Development Economics scholar, as tantamount to '**kicking away the development ladder**'.

What therefore are the policy options for Jamaica's agriculture and what is the role of HRD & M in Agricultural Modernization?

From the perspective of Ricardian Economics, the sustained development of Japan as a global economic powerhouse and the subsequent emergence of the Asian Tigers and even more remarkably, China, are counterintuitive within a Comparative Advantage analytical framework. From his analysis of the Asian phenomenon, Michael Porter⁴ identified **knowledge** as the pre-eminent factor of production; with the capacity to mitigate the disadvantages of limited natural factor endowments such as land and mineral resources and which also is the critical factor in maximizing the utility of capital and labour. He dubbed this phenomenon Competitive Advantage.

The critical importance of knowledge to sustained competitive advantage, immediately defines a role for HRM, as knowledge can only be transformed into sustainable wealth creation through a highly informed, competent work force. In this regard, Porter concedes a critical role to the State, in ensuring the creation of an

³ Ha-Joon Chang 2008 *Bad Samaritans: The Myth of Free Trade and the Secret History of Capitalism*. Bloomsbury Press. Dec 2008

⁴ Porter, M (1990) *The Comparative Advantage Of Nations*, Free Press

efficient workforce, at face value, a contradiction of the notion of the 'minimalist state' in a liberalized economy.

Notwithstanding the obvious shortcomings of *laissez faire* economic liberalization, the reality of the global market place makes international competitiveness a *sine qua non* for economic development. Thus with respect to food production, public policy ought still to be focused on guaranteeing access to affordable, nutritious food while seeking also to protect livelihood. The two objectives are certainly not mutually exclusive. In fact their harmonization is absolutely critical to rural development and ultimately increased wealth creation at the national level. There is increasing awareness, therefore, of the need for public policy on Agricultural Development to be based upon the higher order concept of **Food Sovereignty** rather than simply **Food Security** which is concerned only with access and affordability. This policy on Food Sovereignty implicitly frames the approach to the almost non-negotiable protection given to Agriculture within the OECD. Its application within the Jamaican context would require broad-based political consensus based upon recognition of the following:

1. The right of the citizen of access to affordable and nutritious food as a basic human right;
2. The right of the citizen to live within an environment which provides opportunity for a sustained livelihood;

3. The role of the state in contributing to the creation of sustained competitive advantage through maximum development of the Human Resource;

The issue of Human Resource Development has been recognized as a limiting factor particularly, to any strategy for revitalization of the Jamaican Dairy Sector. A recent evaluation of the comparative levels of efficiency of milk production between various countries⁵, places Jamaica, as at 2005, at the bottom of the league with respect to unit cost of production, returns to labour and work-force productivity as measured by litres of milk produced per man hour. In comparison with New Zealand, commonly the benchmark for milk production efficiency, output of milk per man hour for Jamaica was 9.25 litres compared to 288, a factor of 31.1 in relation to this disparity. Average wage levels, however, differed by a factor only of 3.6. Thus although returns to labour might very well be a factor in the low productivity of Jamaican farm labour, factors such as the national differences in the state of technology and differences in competency levels of the labour force, arguably provide more accurate explanations of Jamaica's substantially lower levels of labour productivity. Analysis of the annual, on-farm cost of producing milk by the Jamaica Dairy Development Board, show labour as being currently, the second most

⁵ Jennings, P.G. 2007 A 20/20 Perspective on the Jamaican Cattle Sector. www.jddb.gov.jm

important component of variable cost. It is therefore extremely critical that in repositioning the dairy sector for increased contribution to national development, ongoing upgrading of the human resource allocated to this enterprise be seen as a compelling national imperative. The same, arguably, holds true for all other sub-sectors of agriculture.

The Jamaica Dairy Development Board has only very recently been invested with the legislative imprimatur to promote the sustained redevelopment of the dairy sub-sector as a leading contributor to wealth creation. Those of you familiar with the history of the sub-sector will recognize its critical importance literally as the 'cash cow' of rural development. This stabilizing influence has been severely eroded over the recent past with obvious negative social consequences.

Mr. Chairman, ladies and gentlemen, I have taken serious liberties with the theme you proposed in initially inviting me to speak. I turned the theme on its head at the beginning, by focusing on the importance of agriculture to human development in Jamaica.

However, I am sure you immediately appreciated the dichotomy as I returned to the suggested order of the theme; that of the importance of Human Development to Agricultural Modernization. I took even further liberties by venturing into the hallowed realm of the economist. Please do forgive me but

if I were to do a vulgar paraphrasing from the context of a dairy man, of the rhetorical question on understanding the social impact of West Indian cricket by that great enthusiast CLR James, 'What does he know of cows, who only cows knows?'. I am confident that you do share with me the recognition of the inter-connectedness of all things; the holistic approach to problem solving.

In conclusion, ladies and gentlemen I would hope that I leave you with an appreciation of the direct connection between what you are engaged in - Human Resource Management - and the project upon which we in the Ministry of Agriculture are embarked; namely the modernization of the Agricultural sector as a significant contributor to enhanced national food security, livelihood protection and national wealth creation. Returning to the personal perspective on which I launched this address, I enjoin you in ensuring our collective redemption as the recalcitrant baby boomer generation, which will come from expanding the pie of opportunity not only for my two granddaughters, but perhaps more critically from ensuring the **statistical certainty** that that child born today in the inner city and indeed every Jamaican child will be provided equally with the opportunity for self-actualization.

In this regard failure is just not an option.

I am pretty sure that the neo-liberal economists among you will dismiss me as having just 'talked a lot of bull'. Perhaps the less strident might say I am 'flogging a dead horse'. I would not try to refute this today as I would be here 'talking until the cows come home'.

Thanks for your great patience.