

# ADDRESS BY PSOJ PRESIDENT CHRISTOPHER ZACCA TO THE ROTARY CLUB OF EAST KINGSTON AND PORT ROYAL , July 05, 2014

IT is my great pleasure to be here tonight for your installation ceremony. I must specially congratulate President-elect Winsome Gordon, a fellow JP, and a professional who I had the pleasure to work with when I was deputy chairman of the Jamaica Observer.

Also a big thank you to outgoing President Howard Haughton and his officers for the great job they've done throughout their tenure. The overall goal of Rotary is to encourage and foster the ideal of service as the basis for worthy enterprise, and I commend you all for choosing to apply this ideal to your personal, business and community lives.

Tonight, ladies and gentlemen, I would like first of all to frame the context of the stage we are at in our economic reform programme with the IMF, and to try and do so in a metaphorical way that may aid our understanding of why we are where we are.

Now, you may know that President-elect Winsome is an accountant, and she carries out a role that is critical to any organisation, measuring and reporting on the results and outcomes of the activities of the organisation, and controlling the use of resources.

## **The IMF programme, where we are**

Now, to serious matters, but I will stay with our trusty accountants.

Let's pretend that Jamaica is a family-owned company, and for many years your old Uncle Jimmy has run it poorly, but he has retired and now it's your turn to run it. One day Winsome and her accounting staff come into your office and give you the bad news. Uncle Jimmy has, for many years, been using the company money to drink a bit too much, and to gamble a bit too much, he has hired way too many assistants, and he hasn't paid enough attention to growing the sales.

The long and the short of it is, the company has had to borrow too much money over the years and is now nearly bankrupt, it can't borrow any more money to pay its loans, or its staff. So you all agree to a plan to cut costs, reduce staff, stop spending on equipment and training, and to stop wasting money on drinks and the horses.

Some time later, the accountants come back and tell you that you have done well, that through hard and painful work, you have, by necessity, reduced spending and costs considerably, and that your bank is willing to lend again, and that the company has managed to borrow more than they actually needed the last time they met with you so you now have some room to manoeuvre.

Of course, the next day you call a general staff meeting, to give them the great news, that you have staved off bankruptcy and have been able to borrow some more money to keep the company going.

The financial people jump up and down and say hooray!! But you notice the production staff and the sales staff looking gloomy.

One of them stands up and points out that your company has poor sales, poor productivity, and that it needs to innovate a lot more to open new markets, to motivate staff, and to drive growth and revenue, or else in a short time it is going to end up right where it started, on the edge of bankruptcy.

Folks, that is where we are as a country with the IMF programme. We have come a long way in the first year and have accomplished a great deal in terms of fiscal consolidation, and we have re-established our credibility with local and international lenders.

What is more, we have been able to borrow US\$800 million instead of the \$500 million we tried to.

Hooray!!!!

Or is it really Hooray? I put it to you that unless we use the time and money we have bought with this latest loan to do the things to make our productive enterprises, our hotels, our factories, our farms, our call centres, more globally competitive, then it will all be for naught.

So if we look at the return of the confidence of the international community in our ability to repay our loans, and the borrowing of new money, as a new shovel that we have been given while in the deep hole we have dug for ourselves over the years, the question is: Are we going to use this brand new shovel to start filling in the hole by doing the things we need to do to drive competitiveness, or are we going to simply start digging the hole deeper and deeper?

### **The rule of law**

Ladies and gentlemen, I want to now turn to a critical area of governance that we need to get right in order for us to be truly globally competitive and to drive economic growth. It may surprise you that it's not tax reform, not energy cost reduction, not bureaucracy reduction. All those things are important, but tonight I want to talk to you about probably the single most important thing we as a country need to focus on: The re-establishment of the rule of law.

The most fundamental role of any government is to establish and maintain the rule of law in the country it governs. It is perhaps the most important role it plays in establishing public capital to compliment private capital, because if the rule of law is very strong in a country, this is one of the best measures of the quality of governance in that country.

A robust rule of law delivers two very strong outcomes with positive effects on economic growth and development: one, the improvement of investor confidence, and two, the reduction in the cost of doing business.

In my simple view, a strong rule of law has three basic components:

- \* the minimisation of crime;
- \* the timely, fair, and effective delivery of justice; and
- \* the elimination of corruption between the public sector and the private sector.

Let's look at all three briefly.

The Minimisation of Crime:

A World Bank study in 2011 concluded that, and I quote "Jamaica could experience an annual increase of 5.4 per cent in per capita GDP, if it cuts crime rates to the levels prevailing in Costa Rica".

Do you have any idea how many more jobs would be created, and how much less poverty would be if Jamaica could grow at 5.4 per cent per annum as opposed to under one per cent as it has averaged over several decades? All of us in this room would be 10 times better off economically if we had accomplished this since Independence... 10 times!

Although we have seen some progress in the last three years in reducing our horrendous murder rate, we remain at a totally unacceptable rate, and we certainly are nowhere near Costa Rica. I therefore put it to you that we need to put far higher priority on this area of governance than we do now.

How? Well, first of all, to ensure that the security forces are adequately resourced at even the most minimally acceptable level. Then we need to shift our legislative priorities to focus on passing any and all legislation that will help the police to do a better job -- DNA legislation comes to mind.

And finally, I want to make a suggestion to the minister of national security and the Police Services Commission. Whatever the reasons for the resignation of the commissioner of police, the fact is that he has resigned and we are possibly at a stage of leadership crisis in our police force. This is a critical time for the police force and we should use this as an opportunity to find the best possible replacement, wherever he or she may be.

The PSOJ is therefore recommending that the country do an active search for a new commissioner internationally. Let the best candidate be chosen, whether he or she is from Jamaica or any other country in the world.

The Timely, Fair, and Effective Delivery of Justice:

If the security forces are the bow in the fight for the rule of law, the justice system is the arrow. One can't work without the other. And folks, our justice system, our arrow is broken. All of us know it takes years and years for cases to be concluded, and the backlog is horrendous.

Just last week, DPP Paula Llewellyn criticised both political parties for having failed to fund an increase in courtrooms and resources. In her words: "...the system is almost turning in on itself, because with the rate of crime having doubled and tripled in some areas over the last 30 years, you have more cases being fed into the system, but the number of courts has not increased at all."

The DPP said, and I absolutely concur, that there has to be significant improvement in the system in order to mete out justice to those affected. And in the scheme of things it's not a huge amount of money that is needed. I can tell you that based on high-level discussions I have had with senior officials, an extra J\$2 billion a year in budgetary allocation, which is less than one per cent of the Government's total budget, would make a world of difference to a much more effective and timely delivery of justice in Jamaica.

The PSOJ urges the Government to re-prioritise to the Ministry of Justice this less than one per cent of their budget in order to give the justice system a fighting chance to repair itself.

#### **The Elimination of Corruption:**

In the words of former Contractor General Greg Christie, corruption is considered to be "the largest single impediment to our country's attainment of sustained economic growth and development". It erodes the quality of life of the society, reduces investor confidence and enables organised crime.

And from the World Bank: "Countries that improve or control corruption and the rule of law can expect, on average, in the long run, a fourfold increase in income per capita .... One study of foreign direct investment estimates that corruption is equivalent to a 20 per cent tax to foreign investors."

Corruption is a pervasive problem in Jamaica at all levels of our national life. And what do we do? Our Government keeps trying to challenge their own anti-corruption agency, the Office of the Contractor General (OCG), in court. I put it to you that this is self-defeating and it should stop. I am the first to admit that some of our procurement laws and procedures are antiquated and impediments to progress, but don't get upset with the OCG for enforcing them, if necessary modernise them, change them.

The country needs to stamp out the debilitating negative economic effects of corruption. As such, I call on the entire private sector to support the Office of the Contractor General in every case where it tries to fight corruption and poor governance, and even though some of us in the private sector feel that sometimes we are unfairly named in public before an investigation has established reasonable cause to point to us, all of us need to stop aiding and abetting some elements in the political process in undermining this critical anti-corruption organisation.

We also need more people to be criminally charged for corruption, and therefore the PSOJ advocates strongly for the establishment of the single anti-corruption commission with the power to both investigate and to prosecute. This bill is in Parliament. Let us all urge the Parliament to pass it sooner than later.

#### **Conclusion**

Ladies and Gentlemen, once again thanks for inviting me to speak to you tonight and congrats to your new officers. I wish you all the best in the future as Rotarians as you try to improve the lives of so many others in our community.

I end by reiterating that the most robust re-establishment of the rule of law is required in Jamaica in order to put us firmly on the way to realising the much-talked-about Vision 2030. While we look to the Government to do its part, it is incumbent on us to realise that we, the entire populace, must also be willing to do our part. Certainly from the private sector's standpoint, the PSOJ stands ready to do what is necessary.