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Third

ADLITH
BROWN

Memorial Lecture

**Public Administration
For
Sustained Development**

WILLIAM G. DEMAS



INSTITUTE OF SOCIAL AND ECONOMIC RESEARCH
UNIVERSITY OF THE WEST INDIES,
JAMAICA



Adlith Stephanna Brown

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The late Dr. Adlith Brown

The Adlith Brown Memorial Lecture honours the memory of Dr. Adlith Brown, co-ordinator of the Regional Programme of Monetary Studies from 1980 to 1984. The following is excerpted from introductory remarks to the first lecture in the series by Dr. J. Edward Greene, Director, Institute of Social and Economic Research, University of the West Indies (Mona) on 29 November 1985.

Who was Adlith Stephanna Brown? Although born in Jamaica, she could truly have been described as a Caribbean woman. Her sense of regionalism was nurtured on the Mona campus of the University of the West Indies where she did her undergraduate work in Economics and had the distinction to be in the first graduating class for the B.Sc. (Economics) offered by the University. She subsequently completed her Masters (with distinction) as well as her doctorate degrees from McGill University.

Adlith returned to teach at the University (St. Augustine campus) in 1969 and in 1971 was transferred to the Mona campus where she taught Monetary Economic Research in 1976 and was one of the main anchors of its research programmes. She co-ordinated first the Caribbean Public Enterprise Project and from 1980 the Regional Programme of Monetary Studies. In this period she was also promoted to Senior Research Fellow and in 1982 to the position of Acting Deputy Director, which she held up to her death. These latter years demonstrated most her capacity for intellectual leadership and for creative management.

Adlith revelled in the realm of ideas. It is therefore understandable that she was fast developing a reputation of being an outstanding economic theorist as her writings attest. Indeed, she was an ideal person to co-ordinate the Regional Programme of Monetary Studies, given her passion for regionalism, her intellectual standing and her understanding of the process and problems of policy-making with which her colleagues in the Central Banks had to cope.

It is therefore fitting that the Central Banks should have agreed to the proposal to designate the Open Lecture at conference of the Programme as the Adlith Brown Memorial Lecture.

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**REGIONAL PROGRAMME OF MONETARY STUDIES CONFERENCE
THIRD ADLITH BROWN MEMORIAL LECTURE**

**DELIVERED BY
WILLIAM G. DEMAS**

**PRESIDENT OF THE CARIBBEAN DEVELOPMENT BANK
AT THE
BISHOP SYLVESTRE MEMORIAL CENTRE
BELIZE CITY
BELIZE**

17 November 1987

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It is a great honour for me to have been asked to deliver the Third Adlith Brown Memorial Lecture at this Nineteenth Conference of the Regional Programme of Monetary Studies. I knew Adlith Brown very well over many years, both as friend and professional colleague, and her passing still leaves me with a feeling of loss. To me she was both a very intellectually stimulating colleague and a great person for a friend.

EARLY PERSPECTIVE ON EFFICIENCY IN PUBLIC ADMINISTRATION

I am fully aware of the fact that improving levels of public administration is hardly a new theme in the Region, since it has been one of those elusive problems for which, so far, we have been unable to find many solutions. Obviously, the need to raise standards of public administration stems from the preoccupation in all the countries of the Region with promoting sustained and self-reliant development.

I joined the civil service when I was 20 years old, fairly late for my time. Having had some experience outside of the system before, I do have a rather peculiar perspective on the civil service. Consequently, in my efforts in the field of development planning and financial management in Trinidad and Tobago, I was often puzzled and intrigued with the behaviour and attitudes, outlook and values of what was still then very much a traditional kind of civil service.

At one point in my long process of thought about the civil service in the Region, I concluded that there was no need for such a discipline as public administration. I felt that public administration could be more accurately conceived of as simply management, just like the management of a business enterprise. But I have subsequently had reason to change my views; and I now believe that, while they have much in common, they are different disciplines. I am here talking about the conduct of a ministry of department and not a state-owned enterprise or public utility. A very good manager in the private sector would not necessarily make a good administrator in the civil service.

COMPARATIVE ANALYSIS OF PUBLIC ADMINISTRATION AND BUSINESS MANAGEMENT

Let me give you some brief examples of ways in which public administration differs from business management. But before I do

so, I must mention that the two kinds of work are similar, in that at the top level it is difficult to make a distinction between policy-making and policy-implementation.

Policy Formulation

In reality there is no rigid dividing line between policy formulation and implementation at the top levels of both the public and the private sectors. The top management, medium-sized or large corporation, formulate policy and do not entirely wait on policy edicts to come from their board of directors. Similarly, top civil servants must of necessity be involved in policy formulation. The best example of the policy formulation role of top civil servants is in Britain where the civil servants have a tremendous amount of influence on policy. So we cannot really draw this line between policy made by the cabinet, ministers and the board of directors, and the mere implementation of these by management and staff. The upper echelons in both kinds of situations are very much involved in the formulation of policy. Now let us look at the differences between management in a business enterprise and in public administration.

Goal Setting

In the case of the private sector or state enterprise or public utility, management is associated with well-defined, quantified targets to produce so many units of the good with which it is concerned every year, every six months, every month; or to sell so many units, maybe to export so many and sell so many on the home market, et cetera. It is a much more clear-cut situation in a business enterprise, whereas in the civil service the nature of the activity is different. Goals and targets are often difficult to quantify, obvious examples being the traditional functions of law and order. Whether one is a judge or a magistrate or a state attorney or whether one is in the army, the police force, the prisons or the fire services, it is very difficult to assign quantitative targets to one's functions. There could be certain indicators over a long period of performance such as the crime rate in the case of the police, albeit subject to qualifications. Because there are so many different factors at work in determining the crime rate and the types of crime, et cetera, that kind of indicator of performance by the police has to be used with great caution and may not always be meaningful.

Measuring Efficiency

In business management, their areas of activity lend themselves more readily to the use of prices to assess effective demand and costs to assess efficiency, whereas in the civil service measuring efficiency is much more difficult. In certain cases where there are commercially-oriented enterprises within the public sector, costs of production can sometimes be used as a proxy for efficiency. However, this is often a narrow interpretation and additional criteria have to be used, particularly the quality of the service, and that is often difficult to measure precisely.

There is more freedom on the part of business management, including the board of directors and the top staff. They usually have more freedom to use prices, the award of contracts and so on to discriminate between clients in the same category. That is business. You make deals all the time, and when I use the term "deals" I'm not suggesting anything shady. Very often the deals are *ad hominem*, depending on the particular client, the particular customer or supplier, whereas in public administration one must adhere to the principle of service within the same category. There should be uniformity of treatment and any civil servant who discriminates within the same category of customers and beneficiaries is guilty, in my view, of a very grave dereliction of duty.

Accountability

Again, in the case of a business firm, the responsibilities and accountability of various individuals at the top, middle and junior levels are more easily demarcated and usually there are more incentives to performance incorporated into the scheme of things. In the case of the civil service and public enterprise, a similar demarcation is possible but much more difficult. This is so because within the public sector everything, in a sense, ties in with everything else; and what is even more important, the ease with which one can demarcate or assign responsibilities depends very much on the extent to which it is possible to clearly identify and quantify particular goals and targets.

Broad Differences

I believe therefore that it is quite justifiable to separate public administration from business management. They have different

orientations and different approaches, although I must say there is still very much in common between the two activities, particularly at the top levels of decision making.

THE RISE OF DEVELOPMENT MANAGEMENT

We need therefore, in my view, to discuss the whole subject of public administration quite separately from counterpart issues arising in business management. However, I believe that we should rid ourselves of the term "Public Administration" and instead we should talk about the management of development or, if you want, "Development Management".

I think that if the civil servants of our Region came to conceive of themselves, particularly at the top and middle levels, as development managers, many of their attitudes would change almost overnight.

A Definition

I hesitate to give you a formal definition of Development Management. However, I have quite a good quotation on the subject by Jamal Khan published in the Hague in 1982 in *Public Management: the Eastern Caribbean Experience*. I can use very briefly part of this quotation. It defines Development Management as "...an action-oriented, will-enhancing, skill-nurturing, goal-seeking process, which is guided by clearly defined objectives. It is concerned not only with the mobilization of existing resources but also the creation and sustaining of new resources to realise the stated goals ... [and the] prompt execution of development plans, programmes and projects, and the development of measures to raise management skills and capability for coping with the demands of regulation and development, including economic adjustment." I find this definition of development management wholly satisfying and I hope that you do as well.

Different Approach

I should like now to be more specific regarding some of the ways in which traditional public administration in our Region differs from the development management I would like to see succeed public administration in our part of the world.

Development management, unlike traditional public administration, emphasizes flexibility, promptness, problem-solving and creativity in dealing with issues. I would like to em-

phasize problem-solving because, in my view, the orientation of the traditional civil servants or public administrators in the Region is not in this direction. They tend to fall back on regulations, rules, and well-established procedures, including what I call "file fetishism" – writing minutes on files which are often quite irrelevant and do not advance the process of decision making. Indeed, they often deter the decision-making process and have nothing at all to do with solving real problems. It is a kind of ritual, passing of files up and down which is used to escape the mental effort of solving specific problems.

Development management, as distinct from public administration, looks for solutions to problems, not merely in the traditional practices of the narrowly defined public service, but also seeks answers elsewhere – answers from other groups, other areas – for example, regional institutions, including the regional universities, research institutions, other educational institutions, professional colleagues in other countries of the Region and abroad. Whether one is an accountant, a medical doctor, an economist or a financial analyst, one should have this inter-communication and interplay with other professional sources outside of the civil service; and this present conference of the Regional Programme of Monetary Studies, is a very important example, because here we have staff members of Central Banks and civil servants in the economic and financial fields rubbing shoulders intellectually with, and getting some kind of feedback from, their professional counterparts at universities, research institutions, other regional and international organizations. This kind of association with professional colleagues outside the narrow confines of the public service is the distinguishing mark of the development manager as against the traditional public administrator or civil servant.

Characteristics of Development Management

The term development management includes, for example, what used to be called development planning. I know that today development planning is out of fashion, partly because of what I would call the intellectual triumphs of neo-classical economics which emphasizes the market, the price system, minimal government intervention and which opposes protection of agriculture and industry. It seems to me that the triumph of neo-classical economics in the countries of both the North and the South has invaded Third World countries and Third World social science

elites in the last few years. It is only now that the neo-classical hegemony is beginning to face serious challenges caused in part, I think, by the experience of Third World countries, which, under their "adjustment programmes" financed by certain international institutions, have tried all the neo-classical remedies only to discover that, by themselves, they do not always work very well. So one can today again use the term development planning without being considered *passé* by the international financial community and indeed by one's professional colleagues in the Third World as well as in the countries of the North.

Development management thus includes economic and social development planning, as well as physical or special planning. Sometimes the latter is called "town and country" planning which is the English term.

The term development management also includes policies and programmes for specific economic and social sectors of the economy. It should often include the fashionable thing today, structural adjustment, not in the sense of quick fixes in terms of economic stabilisation or improvement in the balance of payments, but in the sense of policies and measures designed to promote long-run transformation of the economy, structural adjustment accompanied by economic growth and structural "adjustment with a human face", to use a phrase of Richard Jolly, the United Nations economist. This last term includes in the adjustment process, not just the continuation of the formation of human capital in the face of the need to cut back government budgetary expenditure but also the protection of the more disadvantaged and vulnerable groups in the society while carrying out structural adjustment.

The term development management also includes short-term economic management, the kind of economic management in which central banks and ministries of finance specialise, including fiscal policies, monetary policies, exchange rate policies and general balance of payments policies. I should also mention, because it is often forgotten nowadays, that economic and social development planning must include planning not only for structural transformation and economic growth, but also for the creation of productive employment opportunities. One hardly hears these days, particularly from the international and financial institutions, any mention of the necessity to develop new measures to promote productive employment which, as past experience has

shown, is not entirely a function of the growth rate of the overall economy.

Finally, it goes without saying that groups of persons other than mere economists and statisticians must be involved in development management – agronomists, engineers, sociologists and anthropologists, geographers, personnel in science, education and health and, not least, general co-ordinators and implementers.

FEATURES OF THE TRADITIONAL APPROACH TO PUBLIC ADMINISTRATION

Now let me turn briefly to some of the very obvious weaknesses of public administration *vis-a-vis* the demands imposed upon the public service by the need for development management. Here I have to make acknowledgement to a Caribbean expert in management and public administration, Frederick Nunes, whose recent paper, "Implementation - the Mystery of Public Administration" (May/June 1985 issue of *CARICOM Perspective*), I found very helpful. Nunes highlights some of the weaknesses, some of which I will describe.

Vagueness of Objectives

First, policy statements by politicians, including ministers, are often too vague to be converted into quantifiable goals and to guide concrete action. Nevertheless, to some extent this is the nature of the political process and the kind of imprecise commitment which politicians seeking office tend to give.

They often do not give firm, quantifiable goals and targets. Nothing is wrong with that. It is, however, the responsibility and the duty of the development manager to read the pronouncements and, indeed, the manifesto of the political party which wins the election, to hold discussions with ministers and, when appropriate, even with the prime minister, and to politely question them and even ask searching questions about some of the commitments made in the manifesto and in public statements during the election campaign. This would give the senior development manager a better insight into exactly what the particular party running the country for the next five years is really after. His job as development manager is to translate those often broad and vague general commitments into specific, quantifiable goals and targets wherever possible. It is not always possible, but I know that with some effort it can be; and I have no hesitation in

admitting that when I was in the Trinidad and Tobago Civil Service I did exactly this. I tried, I don't know how well, to translate some of the broad commitments of the party that won the elections into more specific and quantifiable goals and, indeed, to develop specific strategies for attaining those goals. In other words, the development manager's job is to assist the minister in the best sense of the word. He is at once an assistant and adviser. He should not simply sit down, fold his arms, and say, "I do not know what the government is up to." That would not be very useful and that, I think, would be a failure, a dereliction of duty on the part of the development manager as against the traditional civil servant.

Backward Orientation

Nunes also draws attention to another important weakness. He argues that politicians and senior administrators invariably come through an education system with "a persuasive orientation to the past", "one that does not encourage innovative problem-solving." This, in my view, is due not just to our regional educational system but also to our indigenous culture as manifested in how one is brought up in the home, and how one is treated at school, both primary and secondary, by one's teachers.

Stratification and Compartmentalization

Nunes makes another relevant observation which I must quote, because he is on to my favourite hobby horse about writing minutes and memoranda. Nunes says: "...the social stratification of thinkers and doers is still a feature in Caribbean society. Within the bureaucracy this manifests itself in the flow of memoranda and minutes and the circulation of files without the achievement of any measurable or tangible output." It seems that minuting and writing memoranda are ends in themselves and not a means to an end. Nunes continues, "...the gap, both social and informational, between senior administrators and their field officers, whether teachers, nurses, engineers, or customs officers, is a further manifestation of this problem."

Authoritarianism

Furthermore, one of our more distinguished scholars in the field of public administration who himself was a Permanent Secretary at one stage in Jamaica, Professor Gladstone Mills of UWI,

(Mona) in a paper on the environment of Commonwealth Caribbean bureaucracy in the *International Review of Administration Sciences*, says, "...the conditioning of older generations in a cultural situation of non-participative decision-making, beginning with parent/child decision-making, and running through relations between teacher and pupil and manager and lower-level employees, finds expression in a variety of political and administrative situations. If a premium is placed on over-cautiousness, attributes of creativity, innovativeness and dynamism are stultified." If a keen young chap goes into the civil service with a university degree he often becomes frustrated. A disciplinary-minded senior officer thinks that he's out to make trouble. He asks too many awkward questions. He wants to change things. He's impertinent. He doesn't know his place. And do you know what they often do? Whenever they see some kind of course being announced, whether it is at the level of the Organization of American States or World Bank or Caribbean Development Bank, or some short-term training programme in Canada, they choose this young, bright fellow. They want to get rid of him, even for three months.

Deficient Control and Disciplinary System

Another weakness I can mention here is the improper use of checks and balances which are intended to avoid abuse, stimulate corrective action and improve efficiency. I think you will all agree with me that both in general public administration and in development management there is a need for checks and balances to avoid the abuse of power. However, these checks and balances quite often are still not being effectively exercised in many of our Caricom countries. We know that in several Caricom countries reports of the Auditor-General are filed years after they are due. In the constitutions, very often, reports of the auditor-general on the governments' accounts are supposed to be submitted to Parliament within, I think, six months of the end of the fiscal year. But very often these reports are presented very late, if indeed they are ever presented, to Parliament.

A further example is the Public Accounts Committee, which is, a committee of Parliament, drawn from the Lower House and chaired by an opposition member, which reviews particularly the Auditor-General's Report on the accounts of the country and calls in permanent secretaries and other senior officers to explain various deficiencies in financial management and financial accounting.

I think it is true to say that in most of our Caricom countries, Public Accounts Committees do not often meet, or meet very infrequently, to discuss Auditor-General's Reports, Accountant General's Reports and so on, or indeed reports of state enterprises. And in any case, when these committees do meet, the information for consideration is completely out-dated.

Again, many government departments and ministries routinely fail to prepare annual reports which identify administrative goals and targets and, therefore, achievements and failures. I must say that in the old colonial days things were better, because every department of government did submit a published report to the House of Representatives, the Legislative Council or whatever it was then called. But nowadays, and this has always been a source of great amazement to me, large government ministries that spend virtually hundreds of millions of dollars every year do not submit annual reports for the information of Parliament and the public.

Another area of weakness is the famous Annual Confidential Report on personnel in the civil service. As you know, they tend to follow an antiquated format designed to provide the minimum meaningful assessment of the performance of the particular officers. They are rarely candid and, even if they were, many non-performing officers are not likely to be dismissed or otherwise penalized. So the entire performance appraisal process is virtually useless and in many ranks of the civil service promotion is still based on seniority and not on performance.

The need for public service commissions to approve disciplinary action often serves as a hindrance. The most trivial case of indiscipline, like regular latecoming by a clerk or secretary or typist cannot be adjudicated upon and decided upon by a senior officer or even the permanent secretary of the ministry, but has to go, in many countries, I think, to the Public Service Commission. They get lost there and no disciplinary action is ever, or rarely, taken. In other words, we ought to review the functions and functioning of the Public Service Commission in relation to discipline. It is not only in the Army that you need discipline. You need discipline in every organization.

Demotivation and Misallocation of Human Resources

Another example of weakness in public administration is that "Personnel Administration" amounts to simply filling vacancies on the basis of seniority rather than of skill, problem-solving

capacity and on-the-job performance. Furthermore, it is not unusual for a person who completed training at the government's expense for a specific job to be transferred to an area for which that training is not particularly relevant. We notice this in our own training programmes at CDB for personnel drawn from national governments.

Poor Social Engineering

The problem relates to the proper targeting of certain social benefits and social expenditures so that they will really benefit the poor. Here I am talking about free services and subsidised services. We all know the problem. It is notoriously difficult to properly target social services, welfare benefits and indeed programmes for the alleviation of genuine poverty and need. Very often you find that the people with middle-income in the country benefit from houses built by the government which were intended to meet the needs of low-income groups.

Another example – and this is a controversial one – free education at secondary and indeed tertiary levels often benefits middle-income groups rather than the very poor. We all know this from our own experience with our children. Other facilities, such as free or highly subsidised hospital care, benefit, to a large extent, middle-income and even upper-income groups, except in the case of private wards where one has to pay; but the public wards of government-owned hospitals in most Caribbean countries are free in effect so that the better-off groups benefit from free hospital services just as much as the poorer groups and can even receive higher levels of attention. This is one of the most difficult and elusive problems in development management: how to target programmes, measures and benefits designed to help the poor in general, or the urban or the rural poor, more accurately. I was talking to someone from the World Bank recently who is concerned with human resource development (education and health) and he gave me one very simple technique which was a very commonsensical one. One builds clinics for primary health care and for people like expectant mothers in very poor areas, in real slum areas, so that only the people in those areas really attend. The middle-income person, the middle-class person, would not go. It is a very sensible approach and, quite frankly, I had never thought of it before. Progress has yet to be made, not only in the Caribbean but in virtually all developing countries, on the question of accurately targeting special measures and benefits for

the poor. Indeed, it is a massive problem even in the developed countries, and one of the major criticisms of the welfare state in Britain, Western Europe, the USA and Canada, is that middle-income groups benefit, sometimes even more than the really poor groups. It is a difficult problem and one which merits close study and research for the generation of ideas by our regional social scientists.

And since the subject is fashionable, I must mention at least briefly, for the benefit of the ladies present, that very often, it is difficult for government to launch public programmes and measures to reach poor women in both urban and rural areas. It is very difficult really to reach women, even more than men, as a target group in the dispensation of government benefits to help meet the basic needs of under-privileged groups.

Inflexibility

Again, in traditional public administration, as against development management, not enough attention is paid to institutional arrangements for implementing, monitoring and adjusting goals and strategies to reflect changes in the economic environment. This is a very difficult thing to do but it has to be done. One has to keep monitoring the situation all the time with a view to making, sometimes very quickly, amendments and changes to policies, goals and strategies.

We are not unique in this respect. Among developing countries, and indeed among developed countries, it is very difficult for economic managers to react quickly enough to changes in both the domestic and international economic environment. And even in the so-called developed countries many reactions and solutions to crises are very often *ad hoc* and panic responses. I am sure that you can think of several examples: one which comes immediately to mind being the circumstances under which the gold exchange standard or the dollar exchange standard or the dollar exchange standard based on gold was hastily dispensed with in the early 1970s in the United States – a quickly improvised reaction to an unanticipated crisis, even though many European economists, particularly the French economists and the Belgian economist, Robert Triffin, (who was, I think, working at a university in the USA.) had been warning about the fragility of the dollar standard which was theoretically based on gold.

Irrational Distribution of Functions

Finally, another weakness of the traditional approach which

we have come to realise is that because of limited managerial resources, large and often unrelated, multi-function ministries have had to be established under one minister, one permanent secretary, and one chief technical officer. While this will be difficult to avoid in practice, the opposite error of allocating related functions such as finance and economic development planning to different ministries is something which is by no means ideal. The general tendency in the Region today appears to me to be correct: that of integrating finance and development planning, and, moreover, having the prime minister, the head of government, occupying the portfolio of minister of finance and planning. This is a good thing for obvious reasons. Finance cannot realistically be divorced from development planning (with all the central aspects of development management); and those two portfolios are so important in developing countries, that in many cases only the prime minister can really perform the two central portfolios adequately. Of course, it will not always be possible to have a merger of finance and planning functions under one minister. In some cases you may have the prime minister as minister of finance, but with another person as minister of planning and development. To the extent that there have to exist, maybe for good political reasons, separate ministries of finance and planning and development, there is need at the working level, particularly among the top civil servants, for the closest possible co-ordination. In fact, right down the line, from top to bottom, the personnel of those two ministries should be discussing substantive issues virtually on a daily basis.

FRAGMENTATION OF PUBLIC SECTOR ACTIVITY

Now I must say a few words about some selective problems of managing state-owned enterprises.

In many of our countries the state is involved directly with the ownership and operation of enterprises, particularly public utilities (seaports, airports, telephones, electricity services, water and sewerage services, for example). Some also own industries and activities normally run by the private sector. One can look at the issue of staffing these bodies. The question of whether one should engage civil servants to staff these state-run enterprises and utilities is a difficult one. It often does not work out because the traditional type of civil servant, the public administrator as

distinct from the development manager, is unaccustomed to operating with the speed and flexibility required in a commercial venture; and this can produce great inefficiency in such ventures.

Therefore, the advantage of autonomy and flexibility for the state-owned enterprise have very often appealed to politicians because they are impatient with the dilatoriness and inflexibility of traditional public administrators; and the result has sometimes been a hiving off of some traditional civil service functions to such corporations, or even to private enterprise. But the hiving off to statutory corporations of such traditional civil service functions has often caused fragmentation of the administrative machine and made development planning and co-ordination difficult. By allowing public corporations a large measure of autonomy, their accountability to Parliament is often reduced.

RECOMMENDED SOLUTIONS OF DEVELOPMENT MANAGEMENT

I will end by suggesting very briefly possible solutions to some of the problems which I have discussed. If one assumes the orientation of development management, one could reasonably put forward some of the following solutions.

Control and Disciplinary Systems

First, better use should be made of the checks and balances which already exist. I have cited several areas where this can be effected, for example, confidential appraisal reports on staff performance, neglect of the duties of the office of the auditor-general, or the lack of civil service co-operation with the auditor-general and sometimes even with the Public Accounts Committee of the House of Assembly or House of Representatives. There is an important role for checks and balances of a sensible kind. One should oppose, however, checks and balances which are there to block decision making, particularly rapid decision making, by persons in the public service.

One notorious example I have used is the role of the Public Service Commission in relation to discipline. That, I believe, is an abuse of a very desirable check and balance on the arbitrary use of power by people at the top, both political and civil service people. I myself believe that as far as discipline is concerned Public Service Commissions in the countries of the Region should really be converted into Appeal Boards to which someone who

believes that he or she has been unjustifiably disciplined can have recourse. But the power of discipline should rest with the civil servants who are in the ministry or the department. In some cases it can be exercised at the middle level while in other cases it would have to go right up to the chief technical officer or the permanent secretary.

Economies of Scale

Ministerial portfolios should be arranged so as to bring together a homogeneous set of functions to permit the exploitation of the economies of scale. One example is finance and planning being integrated since there is a substantial number of personnel that finance and planning could share in common. They could also usefully share computer facilities.

Managerial Incentives

Development managers of all grades should be provided with incentives to identify weaknesses in the administrative structure and the functioning of the system and to suggest remedies. I made that point earlier.

Fiscal and Budgetary Management

With regard to economic policy as it relates to economic management problems, I believe that while there is a whole set of tools and instruments for short and medium-term economic management such as monetary policy, exchange rates, interest rates, policies on import restrictions and foreign exchange controls, I think that perhaps central importance might be given to fiscal management. I must here draw attention to a recent paper by Dr. DeLisle Worrell in which he showed that those Caricom countries which have relied mainly on fiscal policy have fared best during the difficult adjustment period of the seventies and eighties. I myself have always believed that fiscal policy is central in the Caribbean economies.

Co-ordination between Key Government Institutions

Reference has been made to the need for co-ordination between finance and planning but the need exists as well between finance, planning and the central bank. This is very vital. Although central banks, probably with good reason, have some independence,

it is essential that the people dealing with finance, the people dealing with planning, and central bankers should, at the working level, both at the top and middle, be virtually in daily touch with each other, and that in any kind of national planning committee or national planning commission, the central bank should be represented at the highest level.

There is also need for co-ordination between the Ministry of Finance and Planning on the one hand and the spending ministries, particularly the big spenders such as education, health, works and agriculture, on the other. Moreover, in the definition of objectives, targets, sectoral programmes and strategies, there must be an input from below. The top people in the Ministry of Finance and Planning could provide general, macro-economic frameworks and guidelines, but the content of sectoral programmes must come from the responsible ministry, as in the case of agriculture or industry or from the responsible statutory boards such as an agriculture development corporation or an industrial development corporation. You must have planning in the responsible ministries at the sectoral level within a macro-economic framework set out at the central Ministry of Finance and Planning.

Training Programmes on Problem-solving Techniques

A few words on training, which is very much in vogue these days. Training, *appropriate training*, is even more important to development management than to old-time public administration. We in the CDB have been running, I think quite successfully so far, training programmes in all aspects of the project appraisal, implementation, supervision of operations, et cetera. We have had central courses at the Bank and courses in several countries, including Belize, in various aspects of the project cycle. More recently we have been holding, in conjunction with the Economic Development Institute of the World Bank, courses in national economic policy and national economic management in the short and medium term. It is my experience that many of the EDI staff are quite openminded and flexible, have genuine empathy with problems of developing countries and are not always hidebound by neo-classical orthodoxy.

Apart from training in the project cycle and in national economic management, I believe that the Public Service ought to have more training programmes in management. Now I am by no means an expert in business management. It is not my field but I

think I have picked up something about it from practical experience. I am not talking about the exposure of civil servants to heavy doses of abstract organizational theory which I believe is even more abstract than high economic theory. I am strongly of the view that training in management for the Public Service at all levels should be orientated toward problem solving. I myself was recently forcibly subjected to such training. We had some training advisers provide technical assistance to the Bank and they ordered me to attend a special session for top management of the Bank and I had no choice but to comply.

What fascinated me, however, was the session on problem-solving where they gave actual cases without calling names or presenting hypothetical situations. I found that extremely exciting and I was really challenged by it. So from my limited perspective as a non-expert in management, I am strongly of the view that civil servants whether they are specialist or general administrators, even people in personnel departments, should be exposed to management courses which are centred on problem solving, challenging persons to solve concrete problems which are often encountered in reality.

Exchange and Pooling High-level Expertise

There is the proposal to have development managers from one Caricom country spend short periods of time ranging from three months to one year in other Caricom countries, with the employing Caricom country and home country perhaps not levying income tax on the persons seconded for short period. The Organization of Eastern Caribbean States countries, the smaller islands of the East Caribbean, obviously need more common services and pools of experts, either with or without political unity. With political unity there would, by definition, naturally be common services in many fields, but even without political unity, there is still scope for common services which ought to attract top-level persons who will be given a greater challenge to their professional skills and their problem-solving capabilities, working in a wider field than in their own individual island.

Selectivity in Divestment Decision-making

A few brief words on the specific problem of state enterprises. We all have our views as to what should be done about state enterprises. I will just deal here with one particular issue, that of di-

vestment, which is very topical these days as a result of the spread of neo-classical, market, private-sector-oriented economic thinking. There is a real dilemma in the issue of divestment, and I imagine it is obvious to all of you. If the enterprise which is wholly owned by government is profitable and successful, why sell it off to the private sector? If, on the other hand, the enterprise has been losing money for years, who will want to buy it? Entrepreneurs would probably only pay scrap value prices for it. However, there is one thing to be said in favour of some measure of divestment but not complete divestment. I am thinking more of joint ventures between the local private sector and with the overseas private sector. As far as the local private sector is concerned, the process of divestment can help build up the domestic capital market.

Responsibility for Public Utility Rates and Tariffs

A further point on public utilities commissions. Many fully government-owned public utilities are subject to public utilities commissions which have to approve rate increases, and, more generally under the legislation, to examine the operating and financial efficiency of these public utilities. Not much prominence is given to this question of constantly evaluating performance and appraising operational performance, but a lot of publicity is given to hearings on appeals for higher rates and tariffs by the public utilities. My own view is that, where a government owns a public utility, there is really no room for a public utilities commission to authorize rate increases. I myself believe that the government is ultimately responsible for increasing rates and tariffs in these publicly-owned utilities. The government can obviously be advised. It can set up advisory bodies consisting of top civil servants, not the traditional types but development managers, and of one or two people with private business experience. However, the responsibility for increasing rates should be fully that of government because it owns the utilities and I believe that it is somewhat inappropriate to hive off this responsibility to an independent Public Utilities Commission. However, where the utility is privately owned, I strongly support having Public Utilities Commissions to rule on rate increases and to constantly evaluate their operating performance.

CONCLUSION

In conclusion, the changeover from the concept of public administration to that of development management is one of the most fundamental changes which we in the Region have to make. This is essential if we are to prepare ourselves to tackle the problems of the nineteen-nineties and to enter the twenty-first century with reasonably good chances of economic success, or indeed, economic survival as a group with a more integrated economy (and in the case of some countries of the Region, as an integrated political unit) and, of course, with some kind of cultural identity of our own, while being involved in an extensive network of economic relations with both Third World and developed countries.

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