



Main Address

Young Entrepreneurs Association Gala

"Dare to Dream: Igniting the Entrepreneurial Spirit"

By

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Grand Independence Ballroom
Wyndham Hotel Kingston
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Salutations

- Master of Ceremony, Mr. Michael Anthony Cuff
- Mr. Stephen Spence, President of YEA
- Parliamentary Secretary – Ministry of Sports, Youth and Culture, Senator Warren Newby
- Representative of the Office of the Leader of the Opposition, Mr. Damion Crawford
- Other Distinguished guests
- Ladies and gentlemen

It is my pleasure and extreme honour tonight to have been given this opportunity, on behalf of the Planning Institute of Jamaica, to address such an illustrious group of persons who I'm sure are more knowledgeable about the topic of entrepreneurship than I. However, the topic: "*Dare to Dream: Igniting the Entrepreneurial Spirit*" which underlies your week of activities and on which I will speak, was enough to propel me to take up the challenge of helping not only to ignite the spark but to set that spark on fire, in young people in order

for them to achieve their fullest potential. I must also confess that my immediate acceptance was also driven by perhaps selfish motives, as through YEA's letter of invitation, there was a declaration that as young entrepreneurs its members consider themselves and the PIOJ ideal partners given their *"interest to support Vision 2030 Jamaica, by doing business through innovative and creative entrepreneurial ventures"*.

The clouds have now lifted and there is little doubt about the meaning and significance of the rapid changes the world economy has experienced in recent decades.

- The cold war has ended, the Soviet Union has emerged into a number of smaller Western style democracies with market-based economies
- America has come to realize the down-side risks of unbridled capitalism, and with the election of Obama, is lurching towards a

more mature entrepreneurial capitalist economy that assigns heightened values to inclusive economics and social justice

- Latin America has made up ground from its “lost Decade” through the strengthening of democratic practices and dynamic, inclusive and socially just wealth-creation and distribution through broader market participation and private capital partnership **with** a modernized state
- Countries throughout Africa have taken responsibility for the collective rebuilding of their economies, democracies and social lives and are beginning to reap successes

Throughout, the constant lesson remains a simple one. The real wealth of a nation is its human capital, and a nation-state can best be globally dynamically competitive if its human capital is allowed a framework within which it can be creative, entrepreneurial and organically renew and reinvent itself.

But importantly, not for the sake of profits only!

The lasting lesson of non-market-based economies is the arduous if not impossible task of constantly trying to recalibrate non-market pricing of economic assets to achieve allocative and technical efficiencies and overall economic competitiveness, and its stark failure in the technologically and globally dynamic new world economy.

However, the modern lesson of market-based economies dominated by an unbridled thirst for profit-seeking is that, as Muhammad Yunus, the economist who founded the famous Grameen Bank of Bangladesh and the winner of the 2006 Nobel Peace Prize points out, it suffers from a “conceptualization failure, or a failure to capture the essence of what it is to be human, and a failure to appreciate that well-functioning markets can produce unpleasant results.”

As aptly pointed out by Yunus, and I paraphrase, “the modern conventional theory of business has often created a one-dimensional human being playing the role of business leader and so-called entrepreneur. This person in this role is often insulated from the rest of life - the religious, emotional, political, and social dimensions. This person is dedicated to one mission only – maximizing profit - and is supported by other one-dimensional human beings who give their investment money to achieve this mission. Quoting Oscar Wilde, Yunus states, “this person and his or her supporters know the price of everything and the value of nothing.”

By this framing business, market participation and entrepreneurship have important social dimensions to them that go well beyond pursuing economic development through the solving of allocative and technical efficiency challenges in the use of scarce economic resources. As often discussed by Nobel Laureate Amartya Sen

(including in his tribute to Adam Smith), the freedom to participate in market exchange and transactions, “is itself part and parcel of the basic liberties that people have reason to value.” There is truly an important transparency guarantee, an inclusivity, fairness and socially just self-agency that is associated with market participation. In a nutshell, market participation, aside from its economic development merits, gives important feedback on the narrow transaction valuation of the tradable assets with which one is engaging the market, and therefore fills a basic role in social living.

Because of these discussed properties, nation-states are enhanced and advanced, and national development occurs by this entrepreneurial market process when, and only when the institutional framework governing the structure of incentives within the country is such that when an individual seeks to maximize his or her best interest through this market engagement process, it also

enhances the national interest and wealth. That is, the national interest is enhanced by an amount greater than the sum of the private gains to the self-interest maximizing individuals.

And by the same logic, if the maximization of individual self-interest diminishes the national interest and wealth, i.e., the national “whole” is less than the sum of its parts then there is reason to believe that the institutional framework governing the structure of incentives facing individuals and entities is fraught with perverse incentives and is counter-productive to national development.

I am satisfied that market entrepreneurship with heightened humanness and social justice is the only way to build a sustainable market economy in the new world economic paradigm. This focus, facilitation and partnering by the State is especially important given the dynamic macroeconomic instability associated with

technological progress, the globalization of markets and production, and the domestic political economy of development and progress where most important asset of income-poor people is their democratic vote.

My thesis tonight is, therefore, simple.

1. Participation in market exchange, and in entrepreneurial activities, because of the economic and social dimensions, is an important public good. That is, its benefits -or the cost of its non-achievement—are inescapable and unrivalled. That is, everyone benefits and no one is diminished by society deriving the social and economic gains of its members' market transactions.

2. Because of the unique character of the practice of “youthfulness” i.e., a certain non-incumbency of status quo

and freedom from the inertia of old ways of thinking and doing, its pollination of entrepreneurship creates a kind of dynamism and rapidity that is perfectly suited to the challenges of creating sustainable competitive market value in the face of globalization and technological change.

3. Government's important modern role involves creating the facilitatory environment for youthful entrepreneurship to thrive in channeling the financial and creative assets of the country into innovative and new market competitive products. Such an environment involves the abatement of disincentives as well as the assignment of incentives. Hence the previous Government's decision to end the use of Deferred Financing and off-budget financing of government expenditures, and the current government's cessation of the granting of discretionary tax waivers, both of which violated the important market requirement of transparency guarantees and gave non-

competitive exclusive privileges to select market participants. These are important steps in the right direction. This, however, must be combined with fresh thinking about how the State can support dynamic entrepreneurship, especially that with the character of youthfulness. I appreciate however that this is not the whole story as ending these compensatory means without addressing the negative business environment which gave rise to their need to begin with, is insufficient. Your collaboration on this process is critically important and I look forward to our dialogue on this important matter.

Needless to say the result of this would be profound. Youth entrepreneurship is both an important public good and critical public capital in our nation's economic and social development.

And by the way, I would be remiss if I did not take a moment to praise the PSOJ for its ongoing effort to launch a private-sector

led Youth Employment Through Employment or YUTE program. This programme seeks to “zero in on some of the root causes of violence and youth unemployment through aggressive programmatic approach that is aimed at increasing individual marketability, providing actual employment opportunities and stimulating small businesses, thereby enabling young people in the inner city to make a solid contribution to Jamaica’s development.”

Kudos to all involved. I hope this is just a start, however, because right now there is much entrepreneurism and market value creation among inner city young people which is aimed at maximizing behavior that is counter to national development. That is, the classic case of self-interest maximization resulting in the whole being lesser than the sum of the parts.

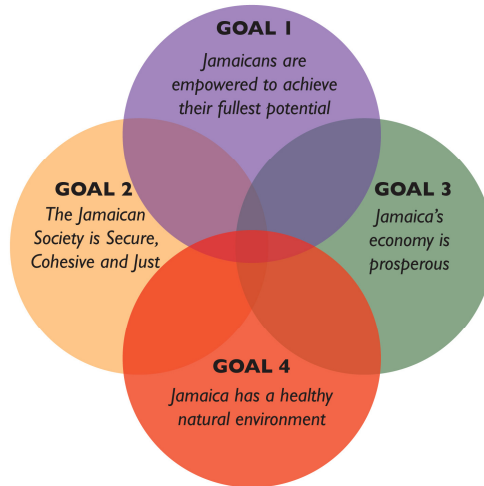
But this should not be surprising to any of us here as this perversity is not a characteristic of only inner-city life in Jamaica. Corruption has been a growth industry in Jamaica for too long. So too have been the entrepreneurship and industry of tax evasion. None of these activities which diminish the national whole are restricted to addresses in any particular location throughout Jamaica.

There is, in the words of C.K Prahalad, too much fortune at the bottom of the pyramid for us as a country not to mobilize our investment and entrepreneurial capacities to create profitable products. Youth entrepreneurship as a public good must meet the public capital your activity creates for the private gains of market profits that are humane and nation building, and the inner cities must be transformed in this process.

But let me end my comments tonight with my favorite topic, but in the form of a challenge to you.

Ponder with me the implications of my comments within the context of Vision 2030 Jamaica - National Development Plan. What is the meaning of its four goals, which are a conciliation of our collective aspirations, and its intended articulation into the creation of a Jamaica where justice, fairness, opportunities, hope and economic and human development are transitive and valued across all our communities and residents, including to our brother and sister Jamaicans residing in volatile, vulnerable and squatter communities with high human insecurity. As a reminder, the goals of Vision 2030 are as follows:

1. To empower Jamaicans to achieve their fullest potential
2. To make the Jamaican society secure, cohesive and just
3. To make the Jamaican economy prosperous
4. To make the Jamaican natural environment healthy



I believe that our serious pursuit of Vision 2030 Jamaica requires that all of us in our various roles as government, social and business entrepreneurs understand the value of every aspect of all of the humanness of each among us, before setting out to price the exchange worth of economic resources that will be called upon through innovative entrepreneurship to achieve its private and public good purposes.

At the PIOJ we have developed a dashboard of Indicators of National Well-Being to help us measure our progress.

National Goal # 1: Jamaicans Are Empowered To Achieve Their Fullest Potential

Main Reporting Area	Key Indicators	Past	Present			Future	
		1995	2009	2010	% Points Change	2015	2030
2. Education Status	Results in CSEC (% passing 5 subjects or more)	15.9 (1998)	35.9	36.7	0.8	40-50 (Prov.)	60-80 (Prov.)
3. Labour Force Quality	Labour Force Certification (% of Labour Force)	9.4	20.5 *	20.7 *	0.2	60	90

* Based on Quarterly Labour Force Survey - January and April

National Goal # 2: The Jamaican Society is Secure, Cohesive and Just

Main Reporting Area	Key Indicators	Past	Present				Future	
		1995	2009	2009 *	2010 *	% Change	2015	2030
4. Security Status	Major Crime Rate/100,000 Population	616	438	323	294	-9.1	182	43
	Murder Rate/100,000 Population	31	62	43	40	-8.3	42	10 (a)

* January - September

(a) Represents benchmarking to global average rate

Discrepancies in table may be due to rounding

National Goal # 4: Jamaica has a Healthy Natural Environment

Main Reporting Area	Key Indicators	Past	Present	Future	
		1995	2009	2015	2030
8. Environmental Stewardship Status	Environmental Performance Index	74.7 (2006)	58 (2010)	≥ 82.2	≥ 85

A drilling down on a few of these for the purpose of tonight's presentation shows that:

We have made significant progress over the past fifteen years in several areas, with our literacy rate increasing from 75% in 1995 to 87% in 2009; a tripling in the levels of enrolment in tertiary institutions; a doubling of the percentage of our labour force that is certified, and a fall in the total unemployment rate from 16% in 1995 to 10.6% in 2009. However in other areas we have gone in the wrong direction, for

example with a fall in the rate at which cases are cleared in our resident magistrates courts, a steady rise in our murder rate to one of the highest in the world, and in recent years a falling off in the rates of economic growth and our international ranking on the Environmental Performance Index. But even in these areas we are seeing some rays of hope. In our most recent quarterly press briefing we reported that the economy is showing signs of recovery, and our murder rate has been trending downward significantly, with a 45% decline in the monthly average murder rate between June – September compared with the average monthly rate from January – May.

Here is my challenge to you tonight. How can you work with government to create the environment wherein the pursuit of one's private interest in the form of profit maximization can enhance simultaneously both the private and public good? How can you use the innovative and problem solving dimensions of entrepreneurship to

strengthen the public capital and public good so that they can be a platform for a more socially just and inclusive Jamaica? No doubt your special character gives you a competitive advantage in addressing the dynamic challenges society is facing. I look forward to our collaboration and partnership in advancing the public good through your special brand of youthful entrepreneurship.